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

Public Comments Submitted Regarding OHCA Proposed Spending Target

Part 4

Table of Contents

From: [redacted] on behalf of Maureen Forys
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Monday, February 12, 2024 1:06:33 PM

Dear Office of Health Care Affordability Board,

Californians like myself face high costs of living, and cannot afford the ever-escalating price of health care. Because of these expenses, I have to delay or ration care, or make difficult decisions about what to prioritize financially. I am not sure how we are expected to pay 1700 dollars a month for a plan that covers the bare minimum but also refuses to cover medication that I need to be on. Between it and the premium, we might as well have a second mortgage. it is unaffordable, unsustainable and unfair.

I support the Office of Health Care Affordability's suggested statewide spending target of at most 3% without any further delays and without population or new technology adjustments. This target makes sure that health care costs don't outpace what every day Californians like myself can afford. I hope this board keeps my story in mind while making their decisions so Californians can better afford the health care we need to thrive.

Sincerely,
Ms. Maureen Forys
[redacted]

From: [redacted] on behalf of Meaghan Vaders
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Friday, March 8, 2024 6:07:22 PM

[You don't often get email from [redacted]m. Learn why this is important at https://aka.ms/LearnAboutSenderIdentification]

CAUTION: This email originated from outside of the organization.

Dear Office of Health Care Affordability Board,

Californians like myself face high costs of living, and cannot afford the ever-escalating price of health care. I've had to forgo medical care due to the unaffordablility of my health insurance. My premium is so exponential each month I don't have extra funds to be able to take care of the medical needs that the insurance allows for. It shouldn't be this expensive to be able to care for myself as I should. I wish insurance was more affordable so that I could afford to live and also care for myself in the medical scale.

I support the Office of Health Care Affordability's suggested statewide spending target of at most 3% without any further delays and without population or new technology adjustments. This target makes sure that health care costs don't outpace what every day Californians like myself can afford. I hope this board keeps my story in mind while making their decisions so Californians can better afford the health care we need to thrive.

Sincerely,
Miss Meaghan Vaders
[redacted]

MemorialCare

17360 Brookhurst Street, Suite 160
Fountain Valley, California 92708
memorialcare.org

March 11, 2024

Megan Brubaker
Department of Health Care Access and Information
Office of Health Care Affordability
2020 West El Camino Avenue, Suite 1200
Sacramento, CA 95833

Submitted via email : OHCA@hcai.ca.gov

Subject: Comments on Proposed Statewide Health Care Spending Target

Dear Ms. Brubaker:

I am writing on behalf of MemorialCare, a nonprofit, integrated health care delivery system located in both Los Angeles and Orange Counties that has four hospitals (including Miller Children's and Women's Hospital Long Beach), over 220 community based ambulatory sites of care with 11,000 employees and 2,500 medical staff physicians to provide comments on the proposed statewide health care spending target.

With the passage of the Affordable Care Act (ACA), driving affordability and quality through value-based care has been MemorialCare's priority to move from volume to value. MemorialCare makes sure that patients receive the right care, at the right place and at the right time based on clinical criteria – and, as important, at the lowest cost. The system's leadership and board of directors have supported a model to increase healthcare quality and access, while decreasing per capita costs, which has been at the forefront of the system's clinical and business strategies.

At the February 28th OHCA Board meeting, MemorialCare presented to the board on "cost-reducing strategies" under the alternative payment model agenda item. We shared our ten-year journey predicated on the implementation of the ACA in reducing total cost of care in healthcare through investments in accessible community-based practice sites and innovative value-based models of care. However, as pointed out by board member Dr. Richard Pan, he asked if MemorialCare could "squeeze anymore savings, having done so much already in bending the cost curve" and "if we could meet this 3% spending target". It would be unlikely we could meet this 3% spending target, since we have invested in many of the tools to reduce the cost of care for health plans, employers, and patients for ten years.

For these reasons, MemorialCare shares the Office of Health Care Affordability (OHCA) goals to improve affordability and access to high-quality health care. Unfortunately, the proposed 3% spending target put forward for California's first statewide spending target falls short of achieving those two goals and will impact access to patient care in the long term.

As written, the proposal narrowly focuses on just one of OHCA's objectives, that of affordability, ignoring the other objectives in state law. It fails to recognize the drivers that will affect health care spending over the next several years, like high inflation and the aging of California's population. It sets California apart from other states with spending target programs by failing to incorporate contemporary economic trends and a phase-in that allows health care entities to adapt to a changing regulatory environment. One state, Rhode Island, has since recognized that changing economic circumstances require a change in approach, and effectively doubled its target before gradually ramping it back down. The proposal does not incorporate the lessons from other states, which experience shows have set their targets at unattainably low levels. Finally, the five-year proposal unnecessarily rushes toward an enforceable target despite flexibility under state law and much work to be done in collecting data, setting the rules of enforcement, and rigorously evaluating the potential impacts of the spending target – work that should be done prior to setting an enforceable target.

MemorialCare

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memorialcare.org

For this reason, we request that OHCA finalize a one-year spending growth target that thoroughly considers the complexity of California's health care landscape and allows for meaningful progress toward more affordable health care — without impacting patients' access to care.

As the board contemplates its final target, MemorialCare recommends the OHCA board and staff to incorporate the framework formulated and summarized by the California Hospital Association (CHA) in the below table.

This CHA recommended sustainable spending target more accurately reflects the factors that influence health care costs: inflation; demographic factors, such as California's aging population; trends in labor and technology costs, such as the high costs of new pharmaceuticals and medical devices; policy changes that raise spending, like minimum wage and seismic mandates; and the up-front investments hospitals make to improve the value of the care they provide, which — over the long term — reduce the cost of care.

Framework for a Sustainable Spending Target

	2025	Average 2025 - 2029
1) Economy-Wide Inflation	**3.3%**	**3.4%**
2) Aging	**0.8%**	**0.7%**
3) Technology and Labor:	**0.6%**	**0.6%**
A) Drug and Medical Supplies	0.4%	0.4%
B) Labor Intensity	0.2%	0.2%
4) Major Policy Impacts:	**1.6%**	**0.6%**
A) Health Care Worker Minimum Wage	0.4%	0.2%
B) Investments in Medi-Cal	1.1%	0.3%
C) Seismic Compliance	0.1%	0.1%
Totals	**6.3%**	**5.3%**

In contrast to OHCA staff's proposal, unfortunately only relies on a single economic indicator that does not reflect the complexity of health care as a whole. CHA's proposed framework thoughtfully considers and quantifies the impact these major drivers have on health care costs. This allows for meaningful discussion about ways to reduce spending without reducing patients' access to care in California.

Further, OHCA staff's five-year target recommendation seeks to prematurely establish an enforceable spending target by proposing to do so before OHCA has:

- Collected data to inform the establishment of a credible, attainable target
- Promulgated rules around how these data would be analyzed
- Laid out the rules for how entities would be held accountable for the targets

Making health care more affordable requires thoughtful, long-term planning. For example, a comprehensive focus on health equity has the potential to lead to long-term cost savings but requires significant up-front investments and reorganization of delivery models. Allowing for an opportunity to develop and implement these improvements will allow hospitals and health care systems to transform towards models of care that support timely access to high-quality and affordable patient centered care.

Unfortunately, this proposal would do the opposite — it would force cost-cutting measures at patients' expense. We ask the board to reject the OHCA staff proposal, and instead adopt a one-year, data-driven spending target as presented by CHA that truly reflects the resources needed to provide life-saving care.

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Thank you for the opportunity to comment, and we look forward to continuing to work with both OHCA staff and board members to address affordability in healthcare for Californians. If you have any additional questions, please contact me at kpugh@memorialcare.org.

Sincerely,

Vice President, Advocacy & Government Relations
MemorialCare Health System

Dignity Health.

March 7, 2024

Mark Ghaly, MD
Chair, Health Care Affordability Board
2020 West El Camino Avenue
Suite 1200
Sacramento CA 95833

Attn via email: Megan Brubaker at OHCA@hcai.ca.gov

Subject: Protect Access to Health Care, Reject 3% Cost Growth Target

Dear Dr. Ghaly,

Mercy Medical Center stands ready to collaborate with OHCA to achieve our shared goals of improved affordability and access to high-quality health care. **Unfortunately, office staff's recommendation for California's first statewide spending target does not adequately consider the factors driving health care spending growth, and in doing so jeopardizes patient care.**

Mercy Medical Center and Dignity Health's 30 other hospitals in California are the largest provider of Medi-Cal services, making up a significant portion of the state's safety net. Three fourths of all patients that come to Dignity Health have either Medi-Cal or Medicare. Unfortunately, Government reimbursement has not not kept pace with the rising costs of labor, supplies and drugs leading to a loss of over $245 million last fiscal year for Dignity Health. We are deeply concerned that the current proposal will have a disproportionate impact on all safety net providers.

This target, which is based solely on the historical growth in household income, is overly narrow and fails to account for myriad factors that impact health care spending. To be credible, a target must not only consider but actually reflect these known factors: inflation; demographic factors, such as California's aging population; trends in labor and technology costs, such as the high costs of new pharmaceuticals and medical devices; policy changes that raise spending, like minimum wage and seismic mandates; and the up-front investments hospitals make to improve the value of the care they provide, which — over the long term — reduce the cost of care.

The proposed target falls well below our current lived experience. Hospitals are a critical part of our state's first response to disaster and we welcome everyone, regardless of their ability to pay.

As we work toward our financial recovery from COVID, Dignity Health and other health systems operating in the red will be penalized under this target.

For Mercy Medical Center, meeting the proposed 3% target would mean reevaluating the services we provide, as well as care expansions and other investments we hope to make to improve our community's health and uncertainty over our ability to meet state mandates. Mercy Medical Center operates many services at a loss such as Surgical Services, Obstetrics, Physical Therapy, and Cardiac Rehab. It is these very services that would be put at risk for closure or reducing access to stay within our given targets. Restricted access will not reduce overall health care spending, but rather defer it until more critical and more costly.

On top of these challenges, OHCA staff's five-year target recommendation seeks to prematurely establish an enforceable spending target by proposing to do so before OHCA has:

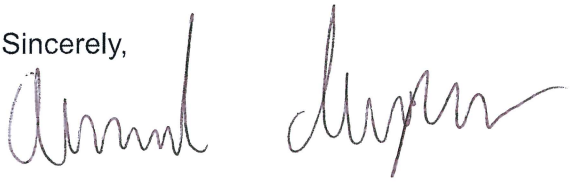
- Collected data to inform the establishment of a credible, attainable target
- Promulgated rules around how these data would be analyzed
- Laid out the rules for how entities would be held accountable for the targets

Given these outstanding issues, we question the prudence of adopting a five-year target before data become available and critical decisions have been made.

Making health care more affordable requires thoughtful, long-term planning. For example, a comprehensive focus on health equity has the potential to lead to long-term cost savings but requires significant up-front investments and reorganization of delivery models. Ultimately, allowing for an opportunity to conceive and implement these improvements will allow the health care system to transform into one that California patients need and deserve — a system that supports timely access to high-quality, person-centered care.

Unfortunately, this proposal would do the opposite — it would force cost-cutting measures at patients' expense. **We ask the board to reject the OHCA staff proposal, and instead adopt a data-driven spending target that truly reflects the resources needed to provide life-saving care.**

Sincerely,



Amanda Ingram
Director of Business Development/Physician Relations
Mercy Medical Center

Mercy Medical Center
Mt. Shasta
A Dignity Health Member

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3/1/24

Mark Ghaly, MD
Chair, Health Care Affordability Board
2020 West El Camino Avenue
Suite 1200
Sacramento CA 95833

Submitted via email to Megan Brubaker at: OHCA@hcai.ca.gov

Subject: Protect Access to Health Care, Reject 3% Cost Growth Target

Dear Dr. Ghaly:

Mercy Medical Center Mt. Shasta stands ready to collaborate with OHCA to achieve our shared goals of improved affordability and access to high-quality health care. **Unfortunately, office staff's recommendation for California's first statewide spending target does not adequately consider the factors driving health care spending growth, and in doing so jeopardizes patient care.**

Mercy Medical Center Mt. Shasta and Dignity Health's 30 other hospitals in California are the largest provider of Medi-Cal services, making up a significant portion of the state's safety net. Three fourths of all patients that come to Dignity Health have either Medi-Cal or Medicare. Unfortunately, Government reimbursement has not not kept pace with the rising costs of labor, supplies and drugs leading to a loss of over $245 million last fiscal year for Dignity Health. We are deeply concerned that the current proposal will have a disproportionate impact on all safety net providers.

This target, which is based solely on the historical growth in household income, is overly narrow and fails to account for myriad factors that impact health care spending. To be credible, a target must not only consider but actually reflect these known factors: inflation; demographic factors, such as California's aging population; trends in labor and technology costs, such as the high costs of new pharmaceuticals and medical devices; policy changes that raise spending, like minimum wage and seismic mandates; and the up-front investments hospitals make to improve the value of the care they provide, which — over the long term — reduce the cost of care.

The proposed target falls well below our current lived experience. Hospitals are a critical part of our state's first response to disaster and we welcome everyone, regardless of their ability to pay. As we work toward our financial recovery from COVID, Dignity Health and other health systems operating in the red will be penalized under this target.

Mercy Medical Center
Mt. Shasta
A Dignity Health Member

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For Mercy Medical Center Mt. Shasta , meeting the proposed 3% target would mean reevaluating the services we provide, as well as care expansions and other investments we hope to make to improve our community's health and uncertainty over our ability to meet state mandates. Mercy Medical Center Mt. Shasta operates many services at a loss such that would be put at risk for closure or reducing access to stay within our given targets. Restricted access will not reduce overall health care spending, but rather defer it until more critical and more costly.

On top of these challenges, OHCA staff's five-year target recommendation seeks to prematurely establish an enforceable spending target by proposing to do so before OHCA has:

- Collected data to inform the establishment of a credible, attainable target
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Unfortunately, this proposal would do the opposite — it would force cost-cutting measures at patients' expense. **We ask the board to reject the OHCA staff proposal, and instead adopt a data-driven spending target that truly reflects the resources needed to provide life-saving care.**

Sincerely,

Rodger Page
President
Mercy Medical Center Mt. Shasta

Dignity Health
Mercy Medical Center
Redding

2175 Rosaline Avenue
P.O. Box 496009
Redding, CA 96049-6009
direct 530.225.6000
redding.mercy.org

February 28, 2024

Mark Ghaly, MD
Chair, Health Care Affordability Board
2020 West El Camino Avenue
Suite 1200
Sacramento CA 95833

Submitted via email to Megan Brubaker at: OHCA@hcai.ca.gov

Subject: Protect Access to Health Care, Reject 3% Cost Growth Target

Dear Dr. Ghaly:

Mercy Medical Center Redding stands ready to collaborate with OHCA to achieve our shared goals of improved affordability and access to high-quality health care. **Unfortunately, office staff's recommendation for California's first statewide spending target does not adequately consider the factors driving health care spending growth, and in doing so jeopardizes patient care.**

Mercy Medical Center Redding and Dignity Health's 30 other hospitals in California are the largest provider of Medi-Cal services, making up a significant portion of the state's safety net. Three fourths of all patients that come to Dignity Health have either Medi-Cal or Medicare. Unfortunately, Government reimbursement has not not kept pace with the rising costs of labor, supplies and drugs leading to a loss of over $245 million last fiscal year for Dignity Health. We are deeply concerned that the current proposal will have a disproportionate impact on all safety net providers.

This target, which is based solely on the historical growth in household income, is overly narrow and fails to account for myriad factors that impact health care spending. To be credible, a target must not only consider but actually reflect these known factors: inflation; demographic factors, such as California's aging population; trends in labor and technology costs, such as the high costs of new pharmaceuticals and medical devices; policy changes that raise spending, like minimum wage and seismic mandates; and the up-front investments hospitals make to improve the value of the care they provide, which — over the long term — reduce the cost of care.

The proposed target falls well below our current lived experience. Hospitals are a critical part of our state's first response to disaster and we welcome everyone, regardless of their ability to pay. As we work toward our financial recovery from COVID, Dignity Health and other health systems operating in the red will be penalized under this target.

For Mercy Medical Center Redding meeting the proposed 3% target would mean reevaluating the services we provide, as well as care expansions and other investments we hope to make to improve our community's health and uncertainty over our ability to meet state mandates. Mercy Medical Center Redding operates many services at a loss such as Home Health, Hospice and Rehab Services. It is these very services that would be put at risk for closure or reducing access to stay within our given targets. Restricted access will not reduce overall health care spending, but rather defer it until more critical and more costly.

On top of these challenges, OHCA staff's five-year target recommendation seeks to prematurely establish an enforceable spending target by proposing to do so before OHCA has:

- Collected data to inform the establishment of a credible, attainable target
- Promulgated rules around how these data would be analyzed
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Given these outstanding issues, we question the prudence of adopting a five-year target before data become available and critical decisions have been made.

Making health care more affordable requires thoughtful, long-term planning. For example, a comprehensive focus on health equity has the potential to lead to long-term cost savings but requires significant up-front investments and reorganization of delivery models. Ultimately, allowing for an opportunity to conceive and implement these improvements will allow the health care system to transform into one that California patients need and deserve — a system that supports timely access to high-quality, person-centered care.

Unfortunately, this proposal would do the opposite — it would force cost-cutting measures at patients' expense. **We ask the board to reject the OHCA staff proposal, and instead adopt a data-driven spending target that truly reflects the resources needed to provide life-saving care.**

Sincerely,

G. Todd Smith
Hospital President
Mercy Medical Center Redding

GTS/mb

Dignity Health.

March 7, 2024

Mark Ghaly, MD
Chair, Health Care Affordability Board
2020 West El Camino Avenue
Suite 1200
Sacramento CA 95833

Attn via email: Megan Brubaker at OHCA@hcai.ca.gov

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Sincerely,

Dale Johns, FACHE
President
Mercy Medical Center

Dignity Health.

March 7, 2024

Mark Ghaly, MD
Chair, Health Care Affordability Board
2020 West El Camino Avenue
Suite 1200
Sacramento CA 95833

Attn via email: Megan Brubaker at OHCA@hcai.ca.gov

Subject: Protect Access to Health Care, Reject 3% Cost Growth Target

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Sincerely,

Kathy Kohrman
System VP, Strategy and Business Development
Mercy Medical Center

Dignity Health.

March 7, 2024

Mark Ghaly, MD
Chair, Health Care Affordability Board
2020 West El Camino Avenue
Suite 1200
Sacramento CA 95833

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Subject: Protect Access to Health Care, Reject 3% Cost Growth Target

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Sincerely,

Lindsey Wine
Communications Manager
Mercy Medical Center

Dignity Health.

March 7, 2024

Mark Ghaly, MD
Chair, Health Care Affordability Board
2020 West El Camino Avenue
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Mercy Medical Center and Dignity Health's 30 other hospitals in California are the largest provider of Medi-Cal services, making up a significant portion of the state's safety net. Three fourths of all patients that come to Dignity Health have either Medi-Cal or Medicare. Unfortunately, Government reimbursement has not not kept pace with the rising costs of labor, supplies and drugs leading to a loss of over $245 million last fiscal year for Dignity Health. We are deeply concerned that the current proposal will have a disproportionate impact on all safety net providers.

This target, which is based solely on the historical growth in household income, is overly narrow and fails to account for myriad factors that impact health care spending. To be credible, a target must not only consider but actually reflect these known factors: inflation; demographic factors, such as California's aging population; trends in labor and technology costs, such as the high costs of new pharmaceuticals and medical devices; policy changes that raise spending, like minimum wage and seismic mandates; and the up-front investments hospitals make to improve the value of the care they provide, which — over the long term — reduce the cost of care.

The proposed target falls well below our current lived experience. Hospitals are a critical part of our state's first response to disaster and we welcome everyone, regardless of their ability to pay.

As we work toward our financial recovery from COVID, Dignity Health and other health systems operating in the red will be penalized under this target.

For Mercy Medical Center, meeting the proposed 3% target would mean reevaluating the services we provide, as well as care expansions and other investments we hope to make to improve our community's health and uncertainty over our ability to meet state mandates. Mercy Medical Center operates many services at a loss such as Surgical Services, Obstetrics, Physical Therapy, and Cardiac Rehab. It is these very services that would be put at risk for closure or reducing access to stay within our given targets. Restricted access will not reduce overall health care spending, but rather defer it until more critical and more costly.

On top of these challenges, OHCA staff's five-year target recommendation seeks to prematurely establish an enforceable spending target by proposing to do so before OHCA has:

- Collected data to inform the establishment of a credible, attainable target
- Promulgated rules around how these data would be analyzed
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Making health care more affordable requires thoughtful, long-term planning. For example, a comprehensive focus on health equity has the potential to lead to long-term cost savings but requires significant up-front investments and reorganization of delivery models. Ultimately, allowing for an opportunity to conceive and implement these improvements will allow the health care system to transform into one that California patients need and deserve — a system that supports timely access to high-quality, person-centered care.

Unfortunately, this proposal would do the opposite — it would force cost-cutting measures at patients' expense. **We ask the board to reject the OHCA staff proposal, and instead adopt a data-driven spending target that truly reflects the resources needed to provide life-saving care.**

Sincerely,

Maranda Hall
Chief Nursing Officer
Mercy Medical Center

Dignity Health.

March 7, 2024

Mark Ghaly, MD
Chair, Health Care Affordability Board
2020 West El Camino Avenue
Suite 1200
Sacramento CA 95833

Attn via email: Megan Brubaker at OHCA@hcai.ca.gov

Subject: Protect Access to Health Care, Reject 3% Cost Growth Target

Dear Dr. Ghaly,

Mercy Medical Center stands ready to collaborate with OHCA to achieve our shared goals of improved affordability and access to high-quality health care. **Unfortunately, office staff's recommendation for California's first statewide spending target does not adequately consider the factors driving health care spending growth, and in doing so jeopardizes patient care.**

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Sincerely,

Satvir Arias
Director of Human Resources
Mercy Medical Center

Dignity Health.

March 7, 2024

Mark Ghaly, MD
Chair, Health Care Affordability Board
2020 West El Camino Avenue
Suite 1200
Sacramento CA 95833

Attn via email: Megan Brubaker at OHCA@hcai.ca.gov

Subject: Protect Access to Health Care, Reject 3% Cost Growth Target

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Sincerely,

Joerg Schuller, MD
Chief Medical Officer
Mercy Medical Center

Dignity Health.

March 7, 2024

Mark Ghaly, MD
Chair, Health Care Affordability Board
2020 West El Camino Avenue
Suite 1200
Sacramento CA 95833

Attn via email: Megan Brubaker at OHCA@hcai.ca.gov

Subject: Protect Access to Health Care, Reject 3% Cost Growth Target

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Sincerely,

K Mosher

Kassey Mosher
Chief Philanthropy Officer
Mercy Medical Center

Dignity Health.

March 7, 2024

Mark Ghaly, MD
Chair, Health Care Affordability Board
2020 West El Camino Avenue
Suite 1200
Sacramento CA 95833

Attn via email: Megan Brubaker at OHCA@hcai.ca.gov

Subject: Protect Access to Health Care, Reject 3% Cost Growth Target

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Sincerely,

Lillian Sanchez
Director of Mission Integration/Spiritual Services
Mercy Medical Center

Dignity Health.

March 7, 2024

Mark Ghaly, MD
Chair, Health Care Affordability Board
2020 West El Camino Avenue
Suite 1200
Sacramento CA 95833

Attn via email: Megan Brubaker at OHCA@hcai.ca.gov

Subject: Protect Access to Health Care, Reject 3% Cost Growth Target

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Sincerely,

Scott Banks
Chief Financial Officer
Mercy Medical Center

Dignity Health.
Methodist Hospital of Sacramento

February 28, 2024

Mark Ghaly, MD
Chair, Health Care Affordability Board
2020 West El Camino Avenue
Suite 1200
Sacramento CA 95833

Submitted via email to Megan Brubaker at: OHCA@hcai.ca.gov

Subject: Protect Access to Health Care, Reject 3% Cost Growth Target

Dear Dr. Ghaly:

Methodist Hospital of Sacramento stands ready to collaborate with OHCA to achieve our shared goals of improved affordability and access to high-quality health care. **Unfortunately, office staff's recommendation for California's first statewide spending target does not adequately consider the factors driving health care spending growth, and in doing so jeopardizes patient care.**

Methodist Hospital of Sacramento and Dignity Health's 30 other hospitals in California are the largest provider of Medi-Cal services, making up a significant portion of the state's safety net. Three fourths of all patients that come to Dignity Health have either Medi-Cal or Medicare. Unfortunately, Government reimbursement has not not kept pace with the rising costs of labor, supplies and drugs leading to a loss of over $245 million last fiscal year for Dignity Health. We are deeply concerned that the current proposal will have a disproportionate impact on all safety net providers.

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For Methodist Hospital of Sacramento, meeting the proposed 3% target would mean reevaluating the services we provide, as well as care expansions and other investments we hope to make to improve our community's health and uncertainty over our ability to meet state mandates. Methodist Hospital of Sacramento operates many services at a loss such as neonatal intensive care, emergent orthopedic surgery and primary ambulatory care to underserved patients in south Sacramento. It is these very services that would be put at risk for closure or reducing access to stay within our given targets. Restricted access will not reduce overall health care spending, but rather defer it until more critical and more costly.

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Sincerely,
Phyllis Baltz,
Hospital President, CEO

From: [redacted] on behalf of Michelle Beltran
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Saturday, February 24, 2024 6:48:38 AM

[You don't often get email from [redacted]. Learn why this is important at https://aka.ms/LearnAboutSenderIdentification]

CAUTION: This email originated from outside of the organization.

Dear Office of Health Care Affordability Board,

Californians like myself face high costs of living, and cannot afford the ever-escalating price of health care. Because of these expenses, I have to delay or ration care, or make difficult decisions about what to prioritize financially.

I support the Office of Health Care Affordability's suggested statewide spending target of at most 3% without any further delays and without population or new technology adjustments. This target makes sure that health care costs don't outpace what every day Californians like myself can afford. I hope this board keeps my story in mind while making their decisions so Californians can better afford the health care we need to thrive.

Sincerely,
Mrs. Michelle Beltran
[redacted]

From: Michelle Macco
To: HCAI OHCA
Subject: Health care costs too much, Trust me I know
Date: Friday, February 16, 2024 10:34:15 AM

Dear Office of Health Care Affordability Board Members,

My name is Michelle Macco and I am writing to you today to share my concern about expensive and limited health and mental care services.

Health care costs are too expensive and clearly unsustainable. While these costs continue to increase, everyday folks like me are forced to compromise our health, choosing between delaying care, skipping tests, or failing to fill prescriptions to save money. Slowing the growth of health care costs leaves more money for me, helping me to pay for other basic needs like food, rent, utilities, and additional living expenses.

I am respectfully urging you not to make any adjustments that would adversely affect or delay the implementation of health care affordability protections. Specifically, maintaining a 3 percent annual spending growth target for 2025 - 2029 that is based on the median income between 2002- 2022, rather than on the growth of the economy. All too often, consumers have been burdened by a health care system that does not prioritize the health and well-being of the patient. I am counting on the Office of Health Care Affordability to hold industry accountable and not put profits over the people who rely on the health care system to survive.

Thank you for your consideration.

Sincerely,
Michelle Macco
[redacted]

United States

From: [redacted] on behalf of Miguel Barraza
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Friday, February 23, 2024 7:15:24 PM

[You don't often get email from m[redacted]m. Learn why this is important at https://aka.ms/LearnAboutSenderIdentification]

CAUTION: This email originated from outside of the organization.

Dear Office of Health Care Affordability Board,

Californians like myself face high costs of living, and cannot afford the ever-escalating price of health care. Because of these expenses, I have to delay or ration care, or make difficult decisions about what to prioritize financially. I hope/wish to continue my duties as a IHSS caregiver,which I inherited from traveling from Mexico to the Coachella valley to seek treatment for my grandparents.

I support the Office of Health Care Affordability's suggested statewide spending target of at most 3% without any further delays and without population or new technology adjustments. This target makes sure that health care costs don't outpace what every day Californians like myself can afford. I hope this board keeps my story in mind while making their decisions so Californians can better afford the health care we need to thrive.

Sincerely,
Mr. Miguel Barraza
[redacted]

From: [redacted] on behalf of Mike Honda
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Monday, February 12, 2024 1:18:03 PM

[You don't often get email from [redacted]. Learn why this is important at https://aka.ms/LearnAboutSenderIdentification]

CAUTION: This email originated from outside of the organization.

Dear Office of Health Care Affordability Board,

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I support the Office of Health Care Affordability's suggested statewide spending target of at most 3% without any further delays and without population or new technology adjustments. This target makes sure that health care costs don't outpace what every day Californians like myself can afford. I hope this board keeps my story in mind while making their decisions so Californians can better afford the health care we need to thrive.

Sincerely,
Mr. Mike Honda
[redacted]

NOR CAL CARPENTERS UNION

March 11, 2024

Sent Via Electronic Mail: ohca@hcai.ca.gov

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

Re: Statewide Healthcare Spending Target

Dear Dr. Ghaly, Ms. Landsberg and Mr. Pegany:

The Nor Cal Carpenters Union ("NCCU") comprises 22 affiliated Local Unions, representing more than 37,000 workers in Northern California.

The NCCU is writing in support of the Office of Healthcare Affordability's recommendation for a statewide spending target of 3 percent. We urge its adoption without any adjustments or delay. All working people are in critical need of relief from rising healthcare costs.

The remainder of this letter elaborates further how the NCCU's experience with healthcare providers has informed our position and how we believe this spending target should be implemented. The latter ultimately raises other areas for healthcare policy development that we hope are energized through this process.

Kaiser Foundation Health Plan has quadrupled premium rates for our members since 2002.

NCCU members annually pay hundreds of millions of dollars out of their total compensation to the Carpenters Health and Welfare Trust Fund for California. About 70 percent of NCCU members who are eligible for Health & Welfare benefits enroll themselves and their family members with the Kaiser Foundation Health Plan, Inc. ("Kaiser Foundation Health Plan"). Our large group plan with Kaiser Foundation Health Plan currently covers approximately 45,000 people, including our own members and their families.

While Median Household Income in California has grown by 3 percent in the past 20 years - thereby informing OHCA's statewide spending target – Kaiser Foundation Health Plan has quadrupled its premiums for NCCU members since 2002 (a compound annual growth rate of 7 percent), making health benefit costs a significant portion of our members' total compensation. In the most recent rate renewal cycle, Kaiser Foundation Health Plan demanded to raise premiums by 15 percent in 2024 for our large group plan.

Kaiser Foundation Health Plan imposes these significant rate increases on our plan without clear justification. In a subsequent Department of Managed Health Care (DMHC) review of our most recent

265 Hegenberger Road, Suite 200
Oakland, CA 94621-1480
(510) 568-4788 – fax (510) 568-7916
www.norcalcarpenters.org

renewal, the DMHC noted Kaiser Foundation Health Plan's relative lack of "quantitative support for their trend levels", which underpins the rate increases it demands of our plan.[1]

Illustratively, despite "integrated care" being central to the Kaiser Permanente business model,[2] Kaiser Foundation Health Plan withheld details from both the Carpenters Health and Welfare Trust Fund and DMHC reviewers when asked to outline what constitutes as-yet unexplained "Integrated Care Management" charges. Kaiser Foundation Health Plan relies upon the opaque presence of such fees when attempting to justify the increased premiums it demands from our plan and others.

While the DMHC found that this "inability to provide additional detail presents concerns",[3] the DMHC's current powers remain an inadequate legal check on the ability of medical corporations to freely impose prices on purchasers, including our union and its members.

Cost controls can help prevent abuses of market power.

Regulatory authorities across various industries have often had recourse to legal mechanisms which help control rising consumer prices as a means of protecting the latter from abusive behavior by suppliers. This is particularly true in cases where market players abuse a dominant market position. In this latter regard, the NCCU observes that Kaiser Foundation Health Plan appears to hold a dominant or near-dominant position in the markets for numerous California healthcare-related services:

- Total Kaiser Foundation Health Plan-enrolled members account for approximately **32%** of 29.7 million Californians who are protected by the Department of Managed Health Care.[4]

Broken out by sub-markets, Kaiser Foundation Health Plan-enrolled members account for approximately:

- **60%** of 8.9 million Californians enrolled in **Large Group** commercial plans
- **43%** of 2.9 million Californians enrolled in **Medicare Risk** plans
- **37%** of 2.2 million Californians enrolled in **Small Group** commercial plans
- **35%** of 2.2 million Californians enrolled in **Individual** commercial plans[5]

Kaiser Health Plan and Hospitals' exclusive providers of physician services also employ approximately **30%** of 55,390 physicians employed in the state's private health care sector.[6]

As outlined above, Kaiser Permanente appears to hold significant market power as both a supplier and buyer of key services in the California healthcare market. Perhaps uncoincidentally, Kaiser Foundation Health Plan's recent premium rate hikes were most acute where it holds its most elevated position: the large group market. A legally enforceable control on costs in the form of this statewide spending target would

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[1] Page 17, Kaiser Foundation Health Plan, Inc. AB 731 Contract Holder Rate Review (Carpenters Health and Welfare Trust Fund for California Plan Year 2024).

[2] See, e.g., Our Model, Kaiser Permanente. Available at https://about.kaiserpermanente.org/commitments-and-impact/public-policy/integrated-care.

[3] Page 4, Kaiser Foundation Health Plan, Inc. AB 731 Contract Holder Rate Review (Carpenters Health and Welfare Trust Fund for California Plan Year 2024).

[4] State of California Department of Managed Health Care data, 2022.

[5] Ibid.

[6] Sources: United States Department of Justice, Kaiser Complaint, 10/25/2021, at p. 7; U.S. Bureau of Labor Statistics Occupational Employment and Wage Statistics Research Estimates by State and Industry, May 2021. An additional 6,570 physicians were employed by governmental establishments in California.

represent one mechanism by which the State of California can ensure Kaiser Foundation Health Plan does not abuse its market position.

Reigning in corporate excess will help providers meet the 3 percent target.

At the same time as the NCCU supports OHCA's 3 percent spending target, we wish to emphasize our expectation that this should not be implemented on the backs of frontline healthcare workers, given the value these workers provide and the amount of waste in the system.

During our participation in public OHCA meetings, the NCCU has closely observed discussions pertaining to how healthcare organizations might hypothetically cut costs to meet the new statewide spending target. In doing so, we note an apparent consensus among meeting participants that there is much waste in the system, and therefore significant opportunities for savings and increased efficiencies.

The NCCU deems Kaiser Permanente's business practices to provide examples in this regard. This includes, but is not limited to, the following publicly visible instances of spending that are potentially of no clear benefit to patient care in California, or in-keeping with Kaiser Foundation Health Plan's legal status as a "non-profit":

- **Merger & acquisition activity:** Kaiser Foundation Health Plan has announced it intends to commit at least $5 billion in charitable assets held in trust in California to purchase an out-of-state entity – Geisinger Health – at no obvious benefit to California consumers.[7]
- **Substantial liability held on behalf of for-profit entities:** Kaiser Foundation Health Plan's balance sheet shows significant liability associated with "retirement benefits provided for physicians associated with certain Medical Groups."[8] Contracts with for-profit companies most notably include the Permanente Medical Group. The NCCU questions whether this financial arrangement – whereby a non-profit holds substantial liability on behalf of a for-profit entity - is consistent with the charitable purposes of the Kaiser Foundation Health Plan.
- **Excessive marketing spending:** Kaiser Permanente's marketing practices include huge costs that could be alternatively invested in patient care. Kaiser Permanente, for example, reportedly spent hundreds of millions of dollars alone on the naming rights to Thrive City in San Francisco.[9]
- **Executive compensation:** Kaiser Foundation Health Plan legally considers itself a non-profit entity. Despite this, it has spent over $100 million in a single year on executive compensation.[10] In the most recent year for which data is available, current CEO Greg Adams received $13.7 million in reported total compensation.[11] This is over 66 times the average compensation non-profit CEOs receive in California.[12]

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[7] Kaiser Foundation Health Plan, Inc. and Subsidiaries and Kaiser Foundation Hospitals and Subsidiaries, Combined Financial Statements for the three months ended March 31, 2023 and 2022 (Unaudited), at p. 18.

[8] See, e.g, page 8, *Kaiser Foundation Health Plan, Inc. and Subsidiaries and Kaiser Foundation Hospital and Subsidiaries Annual Combined Financial Statements, for year ended December 31, 2022 and 2021.*

[9] *Kaiser's partnership deal for Warriors arena plaza could hit $295 million,* San Francisco Chronicle, June 23, 2019.

[10] See, e.g., Kaiser Foundation Health Plan Inc. Form 990 for Fiscal Year Ending Dec. 2020.

[11] Kaiser Foundation Health Plan Inc. Form 990 for Fiscal Year Ending Dec. 2022.

[12] 13697450 ÷ 206706 = 66.265372074347. Source for average nonprofit CEO salary in CA: Salary.com Salary Wizard- Do you know what you're worth? | Salary-Calculator | Salary.com

Conclusion

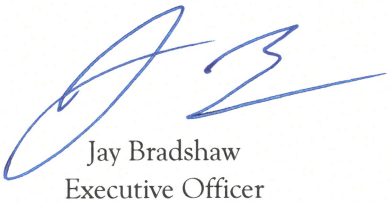
OHCA's proposed 3% target is at the upper limit of what is economically sustainable. Given the rate rises Kaiser Foundation Health Plan has subjected our members to over the past two decades, the NCCU could easily argue that the 3% spending target does not go far enough. In fact, it will do little to reduce the excessive healthcare costs incurred during this time.

For this reason, we hope that in implementing this spending target, OHCA's work will also energize policy discussions in other areas. This could include retroactive scrutiny of numerous issues raised in this letter. For example, the withholding of data from purchasers and regulatory bodies, and practices seemingly out of kilter with what is expected of a non-profit entity. Indeed, as a reminder, Kaiser Foundation Health Plan's assets are held in trust "to improve the health of the communities it serves."[13] It is difficult to see how practices including out-of-state acquisition activity, exorbitant executive compensation, or blurry financial arrangements with for-profit entities meet this goal.

The NCCU greatly appreciates the hard work that the OHCA Board and its staff are doing to bring some relief to working people. The growing availability of data has produced analyses that show that this effort is needed now more than ever.

We know that we do not stand alone in urging you to hold the line and pass the proposal as recommended.

Sincerely,



Jay Bradshaw
Executive Officer

c: Dana Williamson, Governor's Office
Marjorie Swartz, Office of Senate Pro Tempore
Rosielyn Pulmano, Office of Assembly Speaker

[13] Amended and Restated Articles of Incorporation of Kaiser Foundation Hospitals, filing dated November 5, 2012.

Dignity Health.

March 1, 2024

Mark Ghaly, MD
Chair, Health Care Affordability Board
2020 West El Camino Avenue
Suite 1200
Sacramento CA 95833

Submitted via email to Megan Brubaker at: OHCA@hcai.ca.gov

Subject: Protect Access to Health Care, Reject 3% Cost Growth Target

Dear Dr. Ghaly:

I stand ready to collaborate with OHCA to achieve our shared goals of improved affordability and access to high-quality health care. **Unfortunately, office staff's recommendation for California's first statewide spending target does not adequately consider the factors driving health care spending growth, and in doing so jeopardizes patient care.**

I am concerned that this unrealistic target will impact patient wait times which are already longer than acceptable. It will penalize physicians who care for complex patients with disabilities and chronic diseases. The most vulnerable of patients might not be able to find physician practices or medical groups able to take them and meet targets. Running a practice or medical group is already a daunting challenge given overall inflation rates, staffing shortages which drive up labor cost, supply costs and the cost of operating and maintaining our clinics. Government reimbursement has not kept pace with inflation leading to difficult financial losses for many practices. I am deeply concerned that the current proposal will have a disproportionate impact on our ability to maintain access and provide high quality care.

This target, which is based solely on the historical growth in household income, is overly narrow and fails to account for myriad factors that impact health care spending. To be credible, a target must not only consider but actually reflect these known factors: inflation; demographic factors, such as California's aging population; trends in labor and technology costs, such as the high costs of new pharmaceuticals and medical devices; and the overall cost of practicing medicine. In January, CMS projected the increase in the cost to practice medicine would be 4.6% in 2024 (Medicare Economic Index).

The proposed target falls well below current lived experience. Physicians are a critical part of our state's health care system and I am concerned that those operating in the red will be penalized under this target. For me, meeting the proposed 3% target would mean reevaluating the services we provide, as well as care expansions and other investments we hope to make to improve our community's health and uncertainty over our ability to meet state mandates.

On top of these challenges, OHCA staff's five-year target recommendation seeks to prematurely establish an enforceable spending target by proposing to do so before OHCA has:

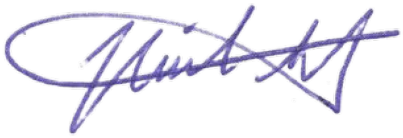
- Collected data to inform the establishment of a credible, attainable target
- Promulgated rules around how these data would be analyzed
- Laid out the rules for how entities would be held accountable for the targets

Given these outstanding issues, we question the prudence of adopting a five-year target before data become available and critical decisions have been made.

Making health care more affordable requires thoughtful, long-term planning. Maintaining access to care and equity must be considered when looking to set these spending growth targets. For example, a comprehensive focus on health equity has the potential to lead to long-term cost savings but requires significant up-front investments and reorganization of delivery models.

Unfortunately, this proposal would do the opposite — it would force cost-cutting measures at patients' expense. **We ask the board to reject the OHCA staff proposal, and instead adopt a data-driven spending target that truly reflects the resources needed to provide life-saving care.**

Sincerely,



Nicholas Testa, MD
Chief Medical Officer, California Region

From: [redacted] on behalf of nilani leula
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Wednesday, February 14, 2024 1:29:16 PM

[You don't often get email from [redacted]m. Learn why this is important at https://aka.ms/LearnAboutSenderIdentification]

CAUTION: This email originated from outside of the organization.

Dear Office of Health Care Affordability Board,

Californians like myself face high costs of living, and cannot afford the ever-escalating price of health care. Because of these expenses, I have to delay or ration care, or make difficult decisions about what to prioritize financially.
I am unable to get preventative vaccines which i need to stay healthy because of the cost of the vaccines that i have to pay.
Yje prescription drugs too are the same i have to pay every time i get my medications the health insurance does not cover the whole amount of the cost.

with the high cost of living and the health care costs it is a struggle for me to keep my health insurance and be healthy
they increased my health care insurance from 647 to 747 per month for this year

I support the Office of Health Care Affordability's suggested statewide spending target of at most 3% without any further delays and without population or new technology adjustments. This target makes sure that health care costs don't outpace what every day Californians like myself can afford. I hope this board keeps my story in mind while making their decisions so Californians can better afford the health care we need to thrive.

Sincerely,
Ms. nilani leula
[redacted]

From: Norm Stanley
To: HCAI OHCA
Subject: Health care costs too much, Trust me I know
Date: Wednesday, March 6, 2024 7:46:10 AM

Dear Office of Health Care Affordability Board Members,

I am writing to you today to share my health care story.

My health care costs me more than $50.00 per month.

Health care costs are too expensive and clearly unsustainable. While these costs continue to increase, everyday folks like me are forced to compromise our health, choosing between delaying care, skipping tests, or failing to fill prescriptions to save money. Slowing the growth of health care costs leaves more money for me, helping me to pay for other basic needs like food, rent, utilities, and additional living expenses.

I am respectfully urging you not to make any adjustments that would adversely affect or delay the implementation of health care affordability protections. Specifically, maintaining a 3 percent annual spending growth target for 2025 - 2029 that is based on the median income between 2002- 2022, rather than on the growth of the economy. All too often, consumers have been burdened by a health care system that does not prioritize the health and well-being of the patient. I am counting on the Office of Health Care Affordability to hold industry accountable and not put profits over the people who rely on the health care system to survive.

Thank you for your consideration.

Sincerely,
Norm Stanley
[redacted]

United States

March 8, 2024

Secretary Mark Ghaly, M.D., California Health and Human Services Agency
Chair, Health Care Affordability Board
Elizabeth Landsberg, Director
Department of Health Care Access and Information (HCAI)
Vishaal Pegany, Deputy Director
Office of Health Care Affordability (OHCA), Department of Health Care Access and Information
Megan Brubaker, Manager, Engagement and Governance Group
Office of Health Care Affordability, Department of Health Care Access and Information
2020 W. El Camino, Ste. 1200
Sacramento, CA 95814

Dear Office of Health Care Affordability Board Members and Staff:

Our community, consumer, labor, and constituency organizations, representing millions of Californians of all walks of life who struggle to afford health care, strongly support the mission of the Office of Health Care Affordability, and the proposed (OHCA) targets for up to 3% cost growth annually for the next five years.

At a time when over half of Californians skip or delay doctor visits or prescriptions because of costs - and over half of them get worse because of this lack of care—any increases in the cost of care will only

exacerbate problems of access, equity, and public health. These cost increases and the further lack of access, affordability, and equity fall especially hard on communities of color, the uninsured, those with medical conditions, those with lower-incomes and the otherwise most vulnerable.

With median family coverage now costing an eye-popping $24,000 and the family share of employer coverage and deductible costing $10,600 or more, medical costs are a main driver in California's affordability crisis. Nationwide, an average worker would have had $125,000 more in wages if not for inflated health care costs over the last three decades. Family incomes have climbed by 3% per year while premiums have gone up 5% and deductibles rose 8% in California.

The OHCA staff proposal to go up 3% each year is not a reduction, nor a freeze, but a goal that the health care industry must live within the same constraints as a median California family does. In a highly consolidated health system where consumers have little ability to shop around or say no, and where prices have little relation to the cost or quality of care, or patient outcomes, OHCA has a responsibility to set a target that would at least prevent care and coverage from getting even more unaffordable.

The health industry should not simply be able to charge whatever its inflated costs are and expect the rest of us to sign the check no matter what the cost. The premise of OHCA is that we set a goal aligned with the real experience of California families, and give the industry the tools, flexibility and incentives to innovate to meet the targets of lower costs and improved quality and equity.

The goal is to replace the vicious cycle of unaffordability leading to patients' inability to access care and resulting in higher costs in ERs and hospitals with a virtuous circle of lower costs, better quality, and improved equity where Californians can afford their premiums, the cost to go to the doctor or get a prescription, and the primary and preventive care they need.

OHCA has the opportunity to meet its mission of setting affordability targets that reflect the lived experiences of Californians, while also ensuring flexibility to adjust for unanticipated events like another pandemic or novel blockbuster therapies. Californians should not seek a goal less ambitious that those of cost growth commissions in Oregon, Washington, and a half-dozen other states. A higher target would justify the status quo of ever-increasing and irrational costs that outpace household wages and leave many Californians behind.

We support the proposal for a cost growth target to be 3% or lower, to provide real relief for California consumers and communities. Thank you for your consideration.

Access Reproductive Justice
AFSCME California
Asian Americans Advancing Justice - Southern California
California Black Health Network
California Federation of Teachers
California Immigrant Policy Center
California Labor Federation
California Pan-Ethnic Health Network
CECHCR Project
California Health Care Coalition
California Nurses Association
California School Employees Association
California Teachers Association
California Teamsters Union
Children Now
Families USA
Friends Committee on Legislation of California
Health Access California
National Health Law Program
National Multiple Sclerosis Society
National Union of Healthcare Workers
Rising Communities
Salinas Valley Federation of Teachers, CFT
SEIU California
Small Business Majority

SMART - Transportation Division
UFCW States Council
UNITE HERE
Western Center on Law and Poverty
Writers Guild of America
Young Invincibles

ENGAGE • EDUCATE • ADVOCATE

March 11, 2024

Secretary Mark Ghaly, M.D.
Chair, Health Care Affordability Board
Department of Health Care Access and Information
202 West El Camino, Suite 800
Sacramento, CA 95833

Re: Proposed Statewide Health Care Spending Target - Opposition to Current Recommendation

Dear Secretary Ghaly and Members of the Health Care Affordability Board:

On behalf of our nearly 11,000 physician members, the Osteopathic Physicians and Surgeons of California (OPSC) is pleased to submit the following comments regarding the Office of Health Care Affordability (OHCA) staff recommendation of an annual 3% statewide health care spending growth target for 2025-2029.

Like MDs, DOs are fully educated physicians, licensed to practice all aspects of medicine. DOs have a patient-centered approach to health care, using all resources of modern medicine – including prescribing medication, performing surgery, and utilizing Osteopathic Manipulative Treatment (OMT) – to prevent, detect and treat disease. DOs are licensed and regulated under the Osteopathic Medical Board of California (OMBC).

Our members are concerned that the current staff recommendation will negatively impact access to health care in California and urge the Health Care Affordability Board (Board) to reject the 3% proposal and explore other alternatives. Some of our concerns are listed below:

- It's unclear to us why the staff recommendation is based on median household income growth from 2002-2022, which is unrelated to the increasing costs of medicine.
- The Board should take time to better understand the cost drivers in medical practices and develop a more realistic spending target that considers rising inflation, labor costs, energy costs, medical supplies, etc.
- In December 2023, the Centers for Medicare and Medicaid (CMS) projected that the increase in the Medicare Economic Index (MEI) – the cost to practice medicine - will be 4.6% in 2024. It seems irresponsible to ignore this critical information when establishing California's spending growth target.

Osteopathic Physicians and Surgeons of California
2015 H Street, Sacramento, CA 95811
916-822-5246 • opsc@opsc.org

- California's healthcare minimum wage law goes into effect on June 1, 2024. While the law has various tiers and timelines depending on the type and location of the healthcare facility, there is no arguing that this change in law will create additional cost pressure. These additional costs must be taken into consideration when adopting a healthcare spending growth target.
- Putting costs targets in place for 5 years seems inappropriate for the State's initial target.

OPSC strongly recommends that the Board reject the staff's recommendation of a 3% annual statewide health care spending growth target. The Board's cost target should be set at a level that is attainable for most health care entities without patient care suffering as a result, rather than creating a situation where health care providers universally fail to meet the cost target and the state moves no closer toward achieving the goals that led to the creation of OHCA.

On behalf of the DO community, we appreciate the opportunity to submit these comments and look forward to working with you on this important issue before the Office of Health Care Affordability Board. For more information or questions, please contact Holly Macriss at (916) 822-5246 or holly@opsc.org.

Sincerely,

Holly Macriss, Executive Director

cc: Elizabeth Landsberg, Director of the Department of Health Access and Information

March 11, 2024

PALOMAR HEALTH
Reimagining Healthcare

Mark Ghaly, MD
Chair, Health Care Affordability Board
2020 West El Camino Avenue
Suite 1200
Sacramento CA 95833

Submitted via email to Megan Brubaker at: OHCA@hcai.ca.gov

Subject: Protect Access to Health Care, Reject 3% Cost Growth Target

Dear Dr. Ghaly:

The Office of Health Care Affordability (OHCA) seeks to improve health care affordability and must do so without sacrificing access to or the quality of health care. We stand ready to collaborate with OHCA to achieve our shared goals of improved affordability and access to high-quality health care. **Unfortunately, office staff's recommendation for California's first statewide spending target does not adequately consider the factors driving health care spending growth, and in doing so jeopardizes patient care.**

This target, which is based solely on the historical growth in household income, is overly narrow and fails to account for myriad factors that impact health care spending. To be credible, a target must not only consider but actually **reflect** these known factors: inflation; demographic factors, such as California's aging population; trends in labor and technology costs, such as the high costs of new pharmaceuticals and medical devices; policy changes that raise spending, like minimum wage and seismic mandates; and the up-front investments hospitals make to improve the value of the care they provide, which — over the long term — reduce the cost of care.

For Palomar Health, meeting the proposed 3% target would mean:

- Reevaluating the services we provide, as well as care expansions and other investments we hope to make to improve our community's health. For example, many of the critical service lines that our community depends upon (such as Women's Services and Behavioral Health) are already the lowest reimbursed. A 3% target would threaten our ability to provide these much-needed services.
- Considering ways to reduce current staff or hire fewer staff in the future, including offering fewer retention or recruitment bonuses. A spending target of 3% would have removed over $200 million from our budget over the past five years, potentially resulting in hundreds of jobs lost.
- Uncertainty over our ability to meet state mandates like SB-525 Minimum Wages for Healthcare Workers.

On top of these challenges, OHCA staff's five-year target recommendation seeks to prematurely establish an enforceable spending target by proposing to do so before OHCA has:

- Collected data to inform the establishment of a credible, attainable target
- Promulgated rules around how these data would be analyzed
- Laid out the rules for how entities would be held accountable for the targets

Given these outstanding issues, we question the prudence of adopting a five-year target before data become available and critical decisions have been made.

Making health care more affordable requires thoughtful, long-term planning. For example, a comprehensive focus on health equity has the potential to lead to long-term cost savings but requires significant up-front investments and reorganization of delivery models. Ultimately, allowing for an opportunity to conceive and implement these improvements will allow the health care system to transform into one that California patients need and deserve — a system that supports timely access to high-quality, person-centered care.

Unfortunately, this proposal would do the opposite — it would force cost-cutting measures at patients' expense. We ask the board to reject the OHCA staff proposal, and instead adopt a data-driven spending target that truly reflects the resources needed to provide life-saving care.

Sincerely,

Diane L. Hansen
President & CEO

From: Patrice Wallace
To: HCAI OHCA
Subject: Health care costs too much, Trust me I know
Date: Wednesday, March 6, 2024 7:42:23 AM

Dear Office of Health Care Affordability Board Members,

I am writing to you today to share my health care story.

My health care costs me more than Too much! per month.

Health care costs are too expensive and clearly unsustainable. While these costs continue to increase, everyday folks like me are forced to compromise our health, choosing between delaying care, skipping tests, or failing to fill prescriptions to save money. Slowing the growth of health care costs leaves more money for me, helping me to pay for other basic needs like food, rent, utilities, and additional living expenses.

I am respectfully urging you not to make any adjustments that would adversely affect or delay the implementation of health care affordability protections. Specifically, maintaining a 3 percent annual spending growth target for 2025 - 2029 that is based on the median income between 2002- 2022, rather than on the growth of the economy. All too often, consumers have been burdened by a health care system that does not prioritize the health and well-being of the patient. I am counting on the Office of Health Care Affordability to hold industry accountable and not put profits over the people who rely on the health care system to survive.

Thank you for your consideration.

Sincerely,
Patrice Wallace
[redacted]

United States

Purchaser Business Group on Health

1611 Telegraph Avenue, Suite 210
Oakland, CA 94612
(415) 281-8660

pbgh.org

March 11, 2024

Mark Ghaly, MD
Chair, Health Care Affordability Board
1215 O Street
Sacramento, CA 95814

Subject: Proposed Statewide Healthcare Spending Target
Submitted via email to Megan Brubaker, OHCA@HCAI.ca.gov

Dear Dr. Ghaly:

The Purchaser Business Group on Health is pleased to offer comments on the statewide health care spending target as proposed by the Office of Health Care Affordability. PBGH's membership consists of 40 public and private purchasers that collectively spend $350 billion on health care annually and provide care for more than 21 million Americans.

PBGH members are extremely concerned about the health care affordability crisis. As the data presented to the Health Care Affordability Board have shown, costs are too high and are increasing too rapidly. Among all the states, California has had the second highest average annual percent growth rate per enrollee spending for those with private coverage from 2001-2020 (5.1%). This is unsustainable from an employer perspective, threatening the ability to continue to offer health benefits. According to a joint KFF-PBGH survey , 87% of C-Suite respondents believe that the cost of providing health benefits to employees will become unsustainable in the next five to 10 years. In California, the offer rate among small employers has declined from 45% in 2002 to 34% in 2022. Furthermore, recent research has shown that high health care costs are squeezing out wage increases, and they crowd out job growth and business investment. In addition, the most recent CHCF Health Policy Survey shows that high costs create barriers to needed care and cause health inequities.

The Health Care Affordability Board has a unique opportunity to address the affordability crisis. The enabling legislation directs the OHCA program to slow health care spending growth, promote high-value system performance and address market consolidation. The Board is explicitly charged with setting spending targets, both statewide and sector-specific, and approving key benchmarks, such as statewide goals for adoption of alternative payment models, primary care and behavioral health spending and health care workforce stability standards. Employers know that primary care is essential to a healthy workforce and employees' access to a high-value health care system. Studies show that robust systems of primary care can lower overall health care utilization, disease and death rates and increase the use of preventive services. Strong primary care also may reduce the negative effects of income inequality and is associated with more effective and equitable health services.

The Board is charged with adopting statewide spending targets by June 1. The following are PBGH's recommendations regarding the targets and methodology proposed by OHCA on January 17, 2024.

- **The targets should be set based on a measure of affordability for consumers and patients, i.e., median household income.** We understand that meeting the targets will be a challenge for some hospitals, health systems, provider groups and health plans. It is not easy to undertake the changes in clinical practices and business models needed to slow the growth of costs to consumers and purchasers. But the Board is not tasked with forecasting the likely trends in health care spending based on provider input costs. Its task is to set targets to *improve affordability*.
- **The annual growth target should be less than 3%, which is the 20-year average growth in median household income.** We are concerned that the 3% growth does nothing to improve affordability, since it allows health care costs to increase at the same rate as median household income. PBGH's Board of Directors has endorsed a strategic goal of flat growth. Furthermore, we know that growth less than 3% is achievable, since there is enormous variation in the costs and cost growth between geographic areas and specific entities in California. Many hospitals and provider groups are able to provide high-quality, accessible and equitable care at relatively low costs.
- **There should be no prospective adjustments to targets for factors that might increase provider or health plan costs.** These adjustments are speculative and hard to quantify in advance. Furthermore, there will be a mechanism to take into account major unexpected cost drivers in retrospectively assessing entities' performance against the targets in future years.
- **There should be no delays or phase-in of the targets.** Providers and health plans have known for years that these targets would be put in place. In fact, the enabling legislation already allows a multi-year process before targets are set and publicly reported, and before hospitals, provider groups and health plans are held accountable.
- **The Board should move quickly to setting targets for geographic areas, industry sectors and specific entities.** A single statewide target allows high-cost providers to continue to increase costs at the same rate as low-cost providers. This isn't fair. The focus should be on high-cost outliers and their growth targets should be lower than the statewide average.

Thank you for this opportunity to offer our recommendations, and we would be pleased to provide additional information and perspectives if it would be helpful to the Board.

Sincerely,

William E. Kramer
Senior Advisor for Health Policy

PEACH
California's Community
Safety-Net Hospitals

March 11, 2024

Megan Brubaker
Department of Health Care Access and Information
Office of Health Care Affordability
2020 West El Camino Avenue, Suite 1200
Sacramento, CA 95833
OHCA@hcai.ca.gov

REGARDING: Comments on the Proposed Statewide Health Care Spending Target Recommendations to the Board

Dear Ms. Brubaker:

On behalf of approximately 90 community safety-net hospitals in California, the Private Essential Access Community Hospital (PEACH) association, is appreciative of the opportunity to comment on the proposed statewide health care spending target recommendations. PEACH looks forward to working with the OHCA board and staff to ensure factors unique to community safety-net hospitals are considered and heard before finalizing such a significant target.

Community safety-net hospitals are essential to serving California's most vulnerable populations that live in rural, urban, agricultural, and metropolitan areas throughout the state. They are federally qualified Disproportionate Share Hospitals (DSH), meaning they are integral to meeting the health care needs for all Californians and they must be protected and preserved. One-third of all Medi-Cal beneficiaries receive care in one of the state's community safety-net hospitals. Government-funded programs cover 86 percent of patients treated in these important facilities that serve the most disenfranchised communities by mission, not by mandate.

Every Californian deserves access to equitable health care. The communities that suffer from unequal access to health care and health status share a common obstacle toward achieving an equal chance at a healthy life: a lack of resources. Over the past 20 years, a number of government policies have contributed to an increase in underfunding health care in disadvantaged communities, which has diminished access to care and led to health inequities.

OHCA's proposed 3% spending target for 2025 through 2029 would call for a 40 percent reduction in the spending growth in the first year, with compounded reductions year after year

for five years. This would result in an elimination of 10 percent of health care spending in the state.

Medi-Cal pays providers far below the cost of providing care – hospitals experience on average a negative 33 percent margin – that means for every actual dollar of expense related to proving that care, Medi-Cal pays 66-67 cents. Rates paid by Medi-Cal are among the lowest in the country, ranking in the bottom 5 states, year after year. Yet in the last decade Medi-Cal enrollees have increased by 70%.

The higher proportion of commercially insured residents in a community will result in a higher level of health care investment in that community. Higher-income communities in California receive 3.35 times the average investment in hospital services than lower income communities. Communities with a higher proportion of residents that rely on government funded health care receive fewer resources, which leads to health care inequities.

The proposed spending target recommendation would result in a reduction of health care spending and that would mean a disproportionate blow to the most vulnerable communities that already only receive a third of health care investments compared to those that are not financially challenged or economically depressed. Community safety-net hospitals lost $478 million from operations in the latest fiscal year and would face near insurmountable challenges if a spending target failed to address historic inequities in funding to safety-net providers.

In addition, the target itself fails to acknowledge that care provided to the most socially complex patients is more expensive. California's community safety-net hospitals treat the largest proportion of patients with the lowest socioeconomic status (SES), including homeless and other struggling individuals. There is substantial research demonstrating the correlation between SES and health. SES has long been related to health, those higher in the social hierarchy typically enjoy better health than do those below.

A study of SES impact on hospital length of stay (LOS) showed that patients in the highest quintile of social deprivation had a mean LOS 1.1-1.8 days longer than those in the lowest quintile. Patients in the highest quintiles of both social and material deprivation have a mean LOS 1.8-3.5 days longer than those in the lowest quintile. This same study concluded that SES should be taken into account in hospital resource allocations to avoid unfairly penalizing hospitals that provide the majority of SES deprived individuals (Moore, Lynne; Cisse, Brahim, et. al.; Impact of Socio-economic Status on Hospital Length of Stay. 2015. BMC Health Serv Res. PMCID: PMC4513757).

A failure to consider the disproportionate cost burden to the community safety-net places a disproportionate impact to the very hospitals that are treating a disproportionate share of Medi-Cal, low SES, and other less fortunate individuals and their families. That means fewer resources for the very patients that are already suffering and lagging behind in equitable access to health care services.

Communities are suffering because the level of health care investment made for them is only a fraction of the investment made for wealthier communities with commercially covered populations. Government funded healthcare must increase investments in resources to address the inequity that has resulted in the erosion of the health status and outlook for millions of individuals and families. In these communities, in order to get physicians and other medical professionals to serve low-income communities, they demand the hospitals bear the financial losses they incur by subsidizing them for treating disenfranchised individuals. The OHCA spending target fails to account for the complexities of serving the populations that are already far under-resourced for health care.

Community safety net hospitals leave no Californian behind, and they continue to create innovative solutions to equitably serve their communities and adapt to the needs of their communities. But to truly achieve health equity, more resources must be delivered to the communities that need them, and not take resources away.

Sincerely,

Anne McLeod
President and CEO
PEACH – California's Community Safety Net Hospitals

cc: Elizabeth Landsberg, Director, Department of Health Care Access and Information
Vishaal Pegany, Deputy Director, Office of Health Care Affordability
Members of the Health Care Affordability Board:
David M. Carlisle, MD, PhD
Secretary Dr. Mark Ghaly
Dr. Sandra Hernandez
Dr. Richard Kronick
Ian Lewis
Elizabeth Mitchell
Donald B. Moulds, Ph.D.
Dr. Richard Pan

From: [redacted] on behalf of Penelope LePome
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Monday, February 12, 2024 10:52:55 PM

[You don't often get email from w[redacted]m. Learn why this is important at https://aka.ms/LearnAboutSenderIdentification]

CAUTION: This email originated from outside of the organization.

Dear Office of Health Care Affordability Board,

Californians like myself face high costs of living, and cannot afford the ever-escalating price of health care.

I was talking with some friends last Sunday. I think we were all over age 65. They described problems they had with our healthcare system, gaining access to care, being sent home from an ER without treatment only to have to go back, preferably by ambulance to obtain the needed attention. Our local hospital may have to close due to lack of funds. (I live in a small - population 30,000- isolated community. It is 90-120 minutes to the next hospital.

My daughters have mental health issues. Fortunately, they currently have medical insurance, but still have large co-pays for their necessary medications and treatments, when the meds are available in the dosages needed. If they can't get the meds, when they finally do obtain them, they have to restart the dosages from the beginning, gradually adding until the recommended level of dosage is reached.

One of the people in our discussion has a heart condition and requires medication to stay alive. She couldn't get the medication for two months and had to pay out of pocket to get it during the interim.

At the conclusion of the discussion, it appears that some doctors will not do procedures on individuals strictly due to their age, not their general health. This is ageism! Do doctors think there are too many "old" people still alive?

I support the Office of Health Care Affordability's suggested statewide spending target of at most 3% without any further delays and without population or new technology adjustments. This target makes sure that health care costs don't outpace what every day Californians like myself can afford. I hope this board keeps my story in mind while making their decisions so Californians can better afford the health care we need to thrive.

Sincerely,
Ms. Penelope LePome
[redacted]

From: [redacted] on behalf of Phallon Davis
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Wednesday, February 14, 2024 7:55:50 PM

[You don't often get email from p[redacted]m. Learn why this is important at https://aka.ms/LearnAboutSenderIdentification]

CAUTION: This email originated from outside of the organization.

Dear Office of Health Care Affordability Board,

Californians like myself face high costs of living, and cannot afford the ever-escalating price of health care. Because of these expenses, I have to delay or ration care, or make difficult decisions about what to prioritize financially.

I support the Office of Health Care Affordability's suggested statewide spending target of at most 3% without any further delays and without population or new technology adjustments. This target makes sure that health care costs don't outpace what every day Californians like myself can afford. I hope this board keeps my story in mind while making their decisions so Californians can better afford the health care we need to thrive.

Sincerely,
Miss Phallon Davis
[redacted]

12401 Washington Blvd.
Whittier, CA 90602-1006
T: 562.698.0811

Hearing Impaired
TDD: 562.696.9267
PIHHealth.org

March 7, 2024

Mark Ghaly, MD
Chair, Health Care Affordability Board
2020 West El Camino Avenue
Suite 1200
Sacramento CA 95833

Submitted via email to Megan Brubaker at: OHCA@hcai.ca.gov

Subject: Protect Access to Healthcare, Reject 3% Cost Growth Target

Dear Dr. Ghaly:

The Office of Health Care Affordability (OHCA) seeks to improve healthcare affordability and must do so without sacrificing access to or the quality of healthcare. We stand ready to collaborate with OHCA to achieve our shared goals of improved affordability and access to high-quality health care. Unfortunately, office staff's recommendation for California's first statewide spending target does not adequately consider the factors driving healthcare spending growth, and in doing so jeopardizes patient care.

This target, which is based solely on the historical growth in household income, is overly narrow and fails to account for myriad factors that impact healthcare spending. To be credible, a target must not only consider but actually reflect these known factors: inflation; demographic factors, such as California's aging population; trends in labor and technology costs, such as the high costs of new pharmaceuticals and medical devices; policy changes that raise spending, like minimum wage and seismic mandates; and the up-front investments hospitals make to improve the value of the care they provide, which — over the long term — reduce the cost of care.

For PIH Health, a health network that operates hospitals in Downey, downtown Los Angeles, and Whitter; 31 medical office buildings throughout Los Angeles and Orange Counties, including the San Gabriel Valley and downtown Los Angeles; a multi-specialty medical group; and nearly 8,000 employees, meeting the proposed 3% target would mean:

- Reevaluating the services we provide, as well as care expansions and other investments we plan to make to improve our community's health. PIH Health has already significantly reduced the care we provide in our communities over the past several years due to the rising costs of providing care. This 3% target could also prevent us from purchasing medical equipment; developing, improving, and expanding programs and services; and implementing electronic medical record technology needed to better serve our patients.
- Considering ways to reduce current staff or hire fewer staff in the future. In the face of a thin nurse staffing environment, a 3% spending target could exacerbate our current challenges in hiring nurses and other healthcare professionals. A spending target of 3% would have removed $491 million from our budget over the past five years, potentially resulting in 320 jobs lost.

- Uncertainty over our ability to meet state mandated seismic retrofitting as well as repurposing existing structures to provide care for a larger number of patients would certainly be impacted.

On top of these challenges, OHCA staff's five-year target recommendation seeks to prematurely establish an enforceable spending target by proposing to do so before OHCA has:

- Collected data to inform the establishment of a credible, attainable target
- Promulgated rules around how these data would be analyzed
- Laid out the rules for how entities would be held accountable for the targets

Given these outstanding issues, we question the prudence of adopting a five-year target before data become available and critical decisions have been made.

Making healthcare more affordable requires thoughtful, long-term planning. For example, a comprehensive focus on health equity has the potential to lead to long-term cost savings but requires significant up-front investments and reorganization of delivery models. Ultimately, allowing for an opportunity to conceive and implement these improvements will allow the healthcare system to transform into one that California patients need and deserve — a system that supports timely access to high-quality, person-centered care.

Unfortunately, this proposal would do the opposite — it would force cost-cutting measures at patients' expense. We ask the board to reject the OHCA staff proposal, and instead adopt a data-driven spending target that truly reflects the resources needed to provide life-saving care.

Sincerely,

James R. West
President and Chief Executive Officer
PIH Health

Planned Parenthood
Act. No matter what.

Planned Parenthood Affiliates of California

March 11, 2024

VIA ELECTRONIC TRANSMISSION TO OHCA@HCAI.CA.GOV

Megan Brubaker
Office of Health Care Affordability
Department of Health Care Access and Information
2020 West El Camino Avenue, Suite 1200
Sacramento, CA 95833

RE: PPAC Comments on Proposed Statewide Health Care Spending Target

Dear Ms. Brubaker:

On behalf of California's seven Planned Parenthood Affiliates, who collectively operate more than 100 health centers across the state and conduct more than 1.2 million annual patient visits, Planned Parenthood Affiliates of California (PPAC) respectfully submits the following comments to the California Department of Health Care Access and Information's Office of Affordability (OHCA) regarding the Proposed Statewide Health Care Spending Target.

The California Planned Parenthood affiliates are committed to providing equitable and affordable access to the full range of sexual and reproductive health care. While abortion, family planning, and STI care are core services at Planned Parenthood health centers, the affiliates also provide an expanding range of additional services that better encompass their patients' needs, including non-specialty behavioral health care, gender affirming care, and primary care. As trusted community providers serving a patient population that overwhelmingly accesses care through a Medi-Cal program, the California Planned Parenthood affiliates are familiar with the impact of rising costs on the ability of Californians to access timely and appropriate care. PPAC appreciates OHCA's work toward advancing health care affordability and understands the urgency of that task.

Last year, PPAC joined a coalition of provider partners to advocate for a new Managed Care Organized (MCO) tax and develop a spending plan that fills gaps in care and provides a sustainable solution to ensure patients can receive high quality, affordable, appropriate, and timely care. Through our collective work with Legislature, the Newsom Administration, and the Department of Health Care Services ("DHCS"), we are working to implement a multiyear spending plan that offers sustained, predictable, and long-term funding to Medi-Cal providers in way that truly transforms the

quality of care patients receive and reflects our state's commitment to health equity.

While PPAC supports OCHA's goal of developing a spending target that supports the ability of all Californians' to received accessible, affordable, equitable, and high-quality care, **we are concerned that the proposed target and the methodology used to arrive at it fail to adequately consider the potential impacts of the target on the new and proposed investments designed to update reimbursement rates in the Medi-Cal program.** These adjustments are desperately needed to address the impacts of long-term underfunding and ensure that safety net providers like the California Planned Parenthood affiliates can continue to deliver affordable, equitable, and high-quality care to all patients regardless of their ability to pay, particularly as demand for their services increases in a shifting post-*Roe* national landscape.

Baseline Year May Not Reflect Increased State Investments in Medi-Cal

PPAC is concerned that 2025, the baseline measurement year mandated in Health & Safety Code §127502, may not see the full implementation new and proposed investments in Medi-Cal and urges that any target adopted by OHCA should adequately reflect that possibility. Although many of the investments proposed by the Administration, including investments in abortion and family planning, are slated to begin no later than 2025, there are already significant delays in the implementation of investments slated for 2024. While PPAC is grateful for the work of DHCS and its commitment to operationalizing new investments, we recognize that implementing payment changes of this magnitude and across the entire Medi-Cal delivery system is not a simple task. Moreover, while we understand that OHCA's Total Health Care Expenditures Data Submission Guide ("the Guide") provides for a 180-day claims run-out period, this is not likely to be enough time to capture the full breadth of the 2025 investments; the California Planned Parenthood affiliates are still collecting tens of millions of dollars in Proposition 56 supplemental claims-based payments years after the underlying claims were paid. For providers like the Planned Parenthood affiliates, whose patient population is enrolled in Medi-Cal programs at a rate of 80-90%, being measured against a baseline year that may be skewed in terms of how it captures new investments in Medi-Cal reimbursement is not likely to accurately reflect spending trends year to year.

Methodology Does Not Address How Medi-Cal Spending Is Considered

Health & Safety Code §127502(d) requires that the methodology used by OHCA to derive a statewide spending target consider historical trends in the costs of Medi-Cal spending and the statute provides a list of both mandatory and permissive considerations related to Medi-Cal, including the impact of supplemental payments to providers treating patients enrolled in Medi-Cal and uninsured patients. However, OHCA's proposal fails to address these factors, and instead provides an explanation that it "continues to collaborate with DHCS to ensure total health care expenditure data collection and proposed spending targets consider the complexity of Medi-Cal financing and payments." Given the complexity of the various payment mechanisms in the Medi-Cal program, the sweeping nature of the proposed investments in the Medi-Cal program over the next several years, and the potential for a spending target to undermine the goals of those investments, PPAC urges more detail and transparency with regard to these factors, OHCA's discussions with

DHCS, and that the OHCA Board provide opportunity discuss this issue specifically with stakeholders before any statewide target is adopted.

****

PPAC appreciates the opportunity to provide feedback on this important proposal and looks forward to working with OHCA to achieve our common goal of providing high quality, affordable, appropriate, and timely care to all Californians. If you have any questions or would like to discuss this feedback further, please contact me by phone at (916) 639-7157 or by email at stacey.wittorff@ppacca.org.

Sincerely,

Stacey Wittorff
Associate General Counsel
Planned Parenthood Affiliates of California

cc: Elizabeth Landsberg, Director, California Department of Health Care Access and Information

Providence

3345 Michelson Drive
Suite 100
Irvine, CA 92612

February 20, 2024

Mark Ghaly, MD
Chair, Health Care Affordability Board
1215 O St.
Sacramento, CA 95814

Re: Urge Serious Scrutiny of the Proposed Spending Target and Significant Changes to Avoid Negative Consequences

Dear Dr. Ghaly,

I am writing on behalf of Providence to urge the Office of Health Care Affordability (OHCA) board and advisory committee to reconsider OHCA staff's proposed 3% target for 2025-29. OHCA has an obligation to improve the affordability of health care without sacrificing access to or the quality of health care. While the office is clearly committed to the first goal, its final recommendation for California's first statewide spending target misses the mark on the second goal – putting patient care in jeopardy.

Providence in California is an integrated delivery network that includes 17 hospitals in Northern and Southern California, comprising the organization's South Division. Over 35,000 caregivers and approximately 11,000 physicians ensure patients receive the highest level of care in the communities we serve. Supporting its acute care settings in California, Providence features hundreds of affiliated medical group clinics and outpatient centers, in addition to TrinityCare Hospice and TrinityKids Care pediatric hospice, Providence High School, home health care services, ten wellness centers and a multitude of telehealth services. Providence is committed to an enduring mission of outreach to the poor and vulnerable, and in 2022 contributed $710 million in services, programs and charity care to those in need.

We specifically are concerned that the OHCA spending proposal does not:

- strike a balance between promoting affordability and maintaining access to high-quality, equitable care
- consider the majority of external factors that influence health care costs, such as inflation and California's aging population
- align with other states that have spending targets

While establishment of a spending target is intended to promote affordability, that is not the only goal. State law clearly requires the spending target to be set in a manner that preserves high-quality, equitable care. OHCA's proposed spending target is:

- Incompatible with the spirit, if not the letter, of state law, as a sudden 40% drop in the growth in health care spending, in the current inflationary environment, is not achievable without serious negative consequences for patients
- Lacking consideration of the underlying drivers of health care costs and its likely impacts on access to high quality care

Ultimately, this spending – if finalized as proposed – would significantly harm patients across California.

OHCA's proposed target entirely ignores the drivers of health care spending, some of which are dictated to healthcare providers outside of themselves e.g. payors setting benefit rates, which are escalating and supply chain and drug costs. In doing so, it would force health care providers to significantly cut back on the care they provide or face penalties. To avoid this negative outcome, OHCA must recognize at least the following four essential components when setting a spending target:

- **Inflation**. Over the next five years, the Legislative Analyst's Office projects inflation to be 3.5% annually. In other words, OHCA's proposed spending target would dictate a decline in real health care spending of 0.5% over time, assuming no change in utilization despite the growing health needs of California's population and concerted efforts, in Medi-Cal and beyond, to improve access to care. Hospitals and other providers would find themselves not only unable to afford medical supplies and infrastructure updates, but also hamstrung in their ability to compete with other states and sectors for workers.

- **Growing health needs of an aging population.** The Department of Finance projects California's 65 and over population to grow by 13% (over 900,000 people) between 2024 and 2029, while the under 18 population is projected to shrink by nearly 6% (over 500,000 people). In fact, the 85 and older population is projected to grow the fastest, by 17% over the same period. Health care costs for seniors are five to nine times those for children and youth. Aging alone is projects to increase health care spending in California by 0.7% annually, a far greater impact than what OHCA staff presented, and yet another factor unaccounted for in OHCA's proposed spending target.

- **Health care policies that drive up costs.** Policies adopted by the Legislature – such as the dedication of new tax revenues to raise Medi-Cal reimbursement rates and the enactment of a health care minimum wage – will add billions of dollars in health care spending once fully implemented. In fact, these two recent policy changes, on their own, will raise health care spending by over 2% in tandem over the next several years. The proposed spending target does not accommodate these or any other changes.

- **Facilitation of thoughtful, meaningful change.** For the spending targets to be effective in promoting affordability without harming access, quality, and equity, health care entities will need to make new investments and change their care processes to shift toward value-based care. While this has the potential to lead to long-term cost savings, it requires significant up-front investment and will not produce cost savings overnight. By setting a flat, multiyear target, OHCA has failed to recognize the time needed to truly improve the value proposition of health care. Instead, in effect, OHCA is encouraging the hasty slashing of costs. Patients will bear the brunt of this, as health care entities would be left scrambling to cut their spending growth in the fastest ways possible: closing service lines, reducing workforce, not offering the latest drugs and medical technologies, and curtailing investments in their infrastructure and care processes.

Spending target programs have been implemented in eight other states. California's proposed target is lower than all other states' when considered on a multiyear basis. In fact, while the other states set their targets to exceed the historical growth in their economies by about 1 percentage point (or 45% higher) on average, OHCA's proposed target would be nearly 2 percentage points (39%) lower than California's historical economic growth rate. Moreover, inflation in the year prior to the other states setting their target averaged a mere 1.8% whereas for California, prior-year inflation came in at 4.2%. This factor is entirely unrecognized in OHCA's proposal.

California's health care system provides world-leading, life-saving care to millions of patients every year. It employs 1.7 million highly skilled and specialized workers, and hospitals generate more than $343 billion in economic output annually. A poorly considered, hastily developed cost growth target would have dire consequences for millions of Californians – the importance of a thoughtful, data-driven approach cannot be overstated.

OHCA has an historic opportunity to transform California's health care system in a meaningful way, allowing it to progress toward the system patients so crucially need. To strike the right balance between cost savings and preserved access to high quality health care, the board must critically evaluate the methodology underlying the proposed target, seriously consider whether it meets the spirit and letter of state law, demand a robust and multifaceted rationale to support a final target methodology, and ensure the impact on patients is thoroughly understood.

Sincerely,

Laureen Driscoll
South Division Chief Executive

POMONA VALLEY HOSPITAL
MEDICAL CENTER

Expert care with a personal touch

Richard E. Yochum, FACHE
President/CEO

February 15, 2024

Mark Ghaly, MD
Chair, Health Care Affordability Board
2020 West El Camino Avenue
Suite 1200
Sacramento CA 95833

Submitted via email to Megan Brubaker at: OHCA@hcai.ca.gov

Subject: Protect Access to Health Care, Reject 3% Cost Growth Target

Dear Dr. Ghaly:

The Office of Health Care Affordability (OHCA) seeks to improve health care affordability and must do so without sacrificing access to or the quality of health care. We stand ready to collaborate with OHCA to achieve our shared goals of improved affordability and access to high-quality health care. **Unfortunately, office staff's recommendation for California's first statewide spending target does not adequately consider the factors driving health care spending growth, and in doing so jeopardizes patient care.**

This target, which is based solely on the historical growth in household income, is overly narrow and fails to account for myriad factors that impact health care spending. To be credible, a target must not only consider but actually **reflect** these known factors: inflation; demographic factors, such as California's aging population; trends in labor and technology costs, such as the high costs of new pharmaceuticals and medical devices; policy changes that raise spending, like minimum wage and seismic mandates; and the up-front investments hospitals make to improve the value of the care they provide, which — over the long term — reduce the cost of care.

For Pomona Valley Hospital Medical Center, meeting the proposed 3% target would mean:

- Reevaluating the services we provide, as well as care expansions and other investments we hope to make to improve our community's health.
- A proposed target of 3% would remove $8.8M from our 2024 budget. From 2023 to 2024 our cost per adjusted patient day rose by 3.2%.
- Uncertainty over our ability to meet state mandates like seismic retrofitting which is estimated conservatively to cost PVHMC over $400M.

On top of these challenges, OHCA staff's five-year target recommendation seeks to prematurely establish an enforceable spending target by proposing to do so before OHCA has:

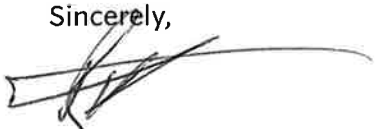
- Collected data to inform the establishment of a credible, attainable target
- Promulgated rules around how these data would be analyzed
- Laid out the rules for how entities would be held accountable for the targets

Given these outstanding issues, we question the prudence of adopting a five-year target before data become available and critical decisions have been made.

Making health care more affordable requires thoughtful, long-term planning. For example, a comprehensive focus on health equity has the potential to lead to long-term cost savings but requires significant up-front investments and reorganization of delivery models. Ultimately, allowing for an opportunity to conceive and implement these improvements will allow the health care system to transform into one that California patients need and deserve — a system that supports timely access to high-quality, person-centered care.

Unfortunately, this proposal would do the opposite — it would force cost-cutting measures at patients' expense. We ask the board to reject the OHCA staff proposal, and instead adopt a data-driven spending target that truly reflects the resources needed to provide life-saving care.

Sincerely,



Richard E. Yochum, FACHE
President/CEO

From: [redacted] on behalf of Rebecca Martin
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Monday, February 12, 2024 1:05:41 PM

[You don't often get email from [redacted]m. Learn why this is important at https://aka.ms/LearnAboutSenderIdentification]

CAUTION: This email originated from outside of the organization.

Dear Office of Health Care Affordability Board,

Californians like myself face high costs of living, and cannot afford the ever-escalating price of health care. Because of these expenses, I have to delay or ration care, or make difficult decisions about what to prioritize financially.

I support the Office of Health Care Affordability's suggested statewide spending target of at most 3% without any further delays and without population or new technology adjustments. This target makes sure that health care costs don't outpace what every day Californians like myself can afford. I hope this board keeps my story in mind while making their decisions so Californians can better afford the health care we need to thrive.

Sincerely,
Ms. Rebecca Martin
[redacted]

From: Regine Lyne
To: HCAI OHCA
Subject: Health care costs too much, Trust me I know
Date: Wednesday, February 21, 2024 12:04:21 PM

Dear Office of Health Care Affordability Board Members,

My name is Regine LyneCarter and I am writing to you today to share my health care story.

My health care costs my family more than $1,500.00 per month.

Health care costs are too
expensive and clearly unsustainable. While these costs continue to increase, everyday folks like me are forced to compromise our health, choosing between delaying care, skipping tests, or failing to fill prescriptions to save money.

Slowing the growth of health care costs leaves more money for me, helping me to pay for other basic needs like food, rent, utilities, and additional living expenses.

I am respectfully urging you not
to make any adjustments that would adversely affect or delay the implementation of health care affordability protections. Specifically, maintaining a 3 percent annual spending growth target for 2025 - 2029 that is based on the median income between 2002- 2022, rather than on the growth of the economy. All too often, consumers have been burdened by a health care system that does not prioritize the health and well-being of the patient. I am counting on the Office of Health Care Affordability to hold industry accountable and not put profits over the people who rely on the health care system to survive.

Thank you for your consideration.

Sincerely,
Regine Lyne
[redacted]

United States

From: [redacted] on behalf of Rene Pineda
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Friday, March 1, 2024 2:58:35 PM

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Dear Office of Health Care Affordability Board,

Californians like myself face high costs of living, and cannot afford the ever-escalating price of health care. Because of these expenses, I have to delay or ration care, or make difficult decisions about what to prioritize financially. For the past 20 years Social Security Disability is my only source of income and am now thousands of dollars in debt. Prior to the Bush Administrations my medications were free of charge at the VA Hospital Pharmacy. Medicare does not provide for all Dental work. 400 sq. ft. apartments have risen to $1700 a month, I do not get that much month! Minimum Wage is not enough and that is why there are so many HOMELESS ! The RICH are getting RICHER at the working person's expense!!!-RP

I support the Office of Health Care Affordability's suggested statewide spending target of at most 3% without any further delays and without population or new technology adjustments. This target makes sure that health care costs don't outpace what every day Californians like myself can afford. I hope this board keeps my story in mind while making their decisions so Californians can better afford the health care we need to thrive.

Sincerely,
Mr. Rene Pineda
[redacted]

From: [redacted] on behalf of Rick Hodgkins
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Wednesday, February 14, 2024 10:56:36 AM

[You don't often get email from [redacted]m. Learn why this is important at https://aka.ms/LearnAboutSenderIdentification]

CAUTION: This email originated from outside of the organization.

Dear Office of Health Care Affordability Board,

Californians like myself face high costs of living, and cannot afford the ever-escalating price of health care. Because of these expenses, I have to delay or ration care, or make difficult decisions about what to prioritize financially! No I am developmentally disabled. So I receive services through the regional center and vendors, providers that are vendor through way of the regional center. I would dare anyone to tell me to put in my IPP that unfortunately I need to delay and/or ration care if I want to live in the community or face jail time or prison time or going to a nursing home if I refuse to delay care and or ration care. Last year, state senator Scott Weiner author to bill that which will lower insulin prices of California this bill was vetoed by governor Newsom. I don't know if Governor Newsom is on this board. And that whether he is on this board or not, I have one question for everybody! Any of you have type one or type two diabetes in the family? Governor Newsom may not have type one or type two diabetes. But, how would he like it if he had diabetes and that therefore needed to be on insulin. Type one diabetics have to be on insulin all their lives regardless of the fact. That is to say even though there are treatments which will eliminate the need for them to have insulin. But that those treatments are experimental at this point. The only reason why a type two diabetic would need insulin, is if they are taking perhaps in another medication, E. G. Growth hormone, that which can compromise insulin, therefore causing diabetes and or making the diabetes worse as is the case with me! Also, I would urge not only members of this board, but also members of this legislature to write to the US Senate, as well as to the US House of Representatives to support The TROA, that which is an acronym standing for the treat and reduce obesity act, that which will allow non-Medicaid, but also Medicare to pay for obesity treatment, that whether it is medication and or bariatric surgery! Thank you for hearing me out.

Regards.

Rick Hodgkins: disability rights and healthcare rights advocate, disability rights and healthcare rights activist and left-wing extremist.

I support the Office of Health Care Affordability's suggested statewide spending target of at most 3% without any further delays and without population or new technology adjustments. This target makes sure that health care costs don't outpace what every day Californians like myself can afford. I hope this board keeps my story in mind while making their decisions so Californians can better afford the health care we need to thrive.

Sincerely,
Mr. Rick Hodgkins
[redacted]

Ridgecrest
REGIONAL HOSPITAL

March 4, 2024

Mark Ghaly, MD
Chair, Health Care Affordability Board
2020 West El Camino Avenue
Suite 1200
Sacramento CA 95833

Submitted via email to Megan Brubaker at: OHCA@hcai.ca.gov

Subject: Protect Access to Health Care, Reject 3% Cost Growth Target

Dear Dr. Ghaly:

The Office of Health Care Affordability (OHCA) seeks to improve health care affordability and must do so without sacrificing access to or the quality of health care. We stand ready to collaborate with OHCA to achieve our shared goals of improved affordability and access to high-quality health care. **Unfortunately, office staff's recommendation for California's first statewide spending target does not adequately consider the factors driving health care spending growth, and in doing so jeopardizes patient care.**

This target, which is based solely on the historical growth in household income, is overly narrow and fails to account for myriad factors that impact health care spending. To be credible, a target must not only consider but actually **reflect** these known factors: inflation; demographic factors, such as California's aging population; trends in labor and technology costs, such as the high costs of new pharmaceuticals and medical devices; policy changes that raise spending, like minimum wage and seismic mandates; and the up-front investments hospitals make to improve the value of the care they provide, which — over the long term — reduce the cost of care.

For Ridgecrest Regional Hospital, meeting the proposed target will mean we will have to further cut more services. We have already made the painful decision to suspend OB services as well as certain clinic services. Further cuts will be necessary if the 3% target is put in place.

Also, we have recently gone through a 10% layoff as a result our poor financial condition post Covid. Further cuts will only lead to more reductions. We also are having to delay replacing badly needed patient care and diagnostic equipment because cash reserves are so low.

Further, the 3% cuts will only exacerbate and create more uncertainty over meeting state mandates such as seismic retrofitting. Mandated seismic retrofitting will cost this hospital over $25 million dollars. Spending cuts will make it more difficult if not impossible to make these renovations.

Ridgecrest
REGIONAL HOSPITAL

On top of these challenges, OHCA staff's five-year target recommendation seeks to prematurely establish an enforceable spending target by proposing to do so before OHCA has:

- Collected data to inform the establishment of a credible, attainable target
- Promulgated rules around how these data would be analyzed
- Laid out the rules for how entities would be held accountable for the targets

Given these outstanding issues, we question the prudence of adopting a five-year target before data become available and critical decisions have been made.

Making health care more affordable requires thoughtful, long-term planning. For example, a comprehensive focus on health equity has the potential to lead to long-term cost savings but requires significant up-front investments and reorganization of delivery models. Ultimately, allowing for an opportunity to conceive and implement these improvements will allow the health care system to transform into one that California patients need and deserve — a system that supports timely access to high-quality, person-centered care.

Unfortunately, this proposal would do the opposite — it would force cost-cutting measures at patients' expense. We ask the board to reject the OHCA staff proposal, and instead adopt a data-driven spending target that truly reflects the resources needed to provide life-saving care.

Sincerely,

Christopher M. Ellis – Board Director
Ridgecrest Regional Hospital

The ROBERT F. KENNEDY
MEDICAL PLAN
P.O. Box 47 La Paz Keene, California 93531 (661) 823-6900

February 12, 2024

Mark Ghaly, M.D., Health Care Affordability Board
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: Statewide Health Spending Target

Dear Chair Dr. Ghaly, Ms. Landsberg and Mr. Pegany:

I am writing in support of the initial recommendation from staff to use a 3 per cent annual increase upper limit and rely on median income as a primary metric. As the Administrator of the plan that serves UFW farmworker members and their eligible dependents I am faced daily with the challenge of paying a significant share of the medical bills incurred by low and modest income farmworkers and their families to minimize their out of pocket costs. I am also obligated to minimize the cost burden for the more than thirty employers who pay nearly all of the contributions to provide medical coverage to those employees and their families.

Our effort to keep costs low for participants and the employers is difficult to accomplish when hospitals are pricing services at 500% to 1500% or more of Medicare. The attached table shows actual charges by California hospitals for services to our participants between 2019 and 2023 expressed as a percentage of Medicare. Even if we pay 50% off billed charges – we and our members would be paying well over 200% of Medicare.

I will note many of the most heard claims we hear from hospital finance executives with my response to each claim.

Hospitals Claim - We are in a high cost area so we have to set our prices higher.

Our Response - We are offering to pay well above cost – just not three or four times or more of cost.

Hospitals Claim - We need to charge commercial plans more to offset the underpayment from Medi Cal and Medicare.

Our Response - How much more is enough? If, for instance, Medicare pays 85% of cost, then paying 117.6% of Medicare would cover cost. We are suggest that paying at least 140% of Medicare is covering cost plus an additional margin to help make up for the alleged underpayment.

Hospitals Claim - The big insurance companies are making big profits so they are a big part of the cost problem. You should rein them in.

Our Response - Nearly every union plan and the majority of employer sponsored plans are not for profit and self-insured. We are not making any profit. We are not seeking to keep 15% or 20% in margin from a medical loss ratio as commercial insurers are allowed to do.

Hospitals Claim - Higher costs justify higher prices.

Our Response - We are offering to pay at least 140% of Medicare and often significantly more than that. We believe that 140% of Medicare should cover costs and leave a reasonable margin above cost as would be the case for most other business enterprises. Many hospitals in other states and parts of southern California readily accept 140% of Medicare. Most recent reports suggest plans like ours are paying in the range of 250% of Medicare - but many hospitals demand at least 300% or more of Medicare.

Hospitals Claim - We provide better care and a higher level of service so that requires more money.
Our Response - We rarely find validation of the claim. In fact there are numerous independent studies that suggest that the best performing hospitals for a particular service are actually more economically efficient than others with less optimal outcomes.

Hospitals Claim - Median income is not the "best" way to set a threshold.
Our Response is since the goal is increased affordability the only metric that is tied to affordability relates to income. Other suggested metrics may be useful for management and analysis but do not seem to relate to affordability.

Another concern is that hospitals and systems will stop offering certain services or will not accept patients if the proposed amounts are approved. My response is that we are already experiencing that situation in many areas – especially rural areas. Raising the proposed amount is unlikely to solve nor exacerbate the problem.

The staff has done a good job in putting the proposed initial target level on the table. The legislation that created the Office specifically cites the need to address "Affordability" and this is a step in the right direction.

Respectfully submitted,

Patrick J. Pine

Patrick Pine, Plan Administrator
Robert F. Kennedy Farmworkers Medical Plan

From: Ronee Kozlowski
To: HCAI OHCA
Subject: Health care costs too much, Trust me I know
Date: Wednesday, February 28, 2024 3:32:18 AM

You don't often get email from c[redacted]rg. Learn why this is important

CAUTION: This email originated from outside of the organization.

Dear Office of Health Care Affordability Board Members,

I am writing to you today to share my health care story.

My health care costs me more than a house payment per month. And it is only $1,656.00 because my husband is older and has Medicare for $178.00 a month. I

Health care costs are too expensive and clearly unsustainable. While these costs continue to increase, everyday folks like me are forced to compromise our health, choosing between delaying care, skipping tests, or failing to fill prescriptions to save money. Slowing the growth of health care costs leaves more money for me, helping me to pay for other basic needs like food, rent, utilities, and additional living expenses.

I am respectfully urging you not to make any adjustments that would adversely affect or delay the implementation of health care affordability protections. Specifically, maintaining a 3 percent annual spending growth target for 2025 - 2029 that is based on the median income between 2002- 2022, rather than on the growth of the economy. All too often, consumers have been burdened by a health care system that does not prioritize the health and well-being of the patient. I am counting on the Office of Health Care Affordability to hold industry accountable and not put profits over the people who rely on the health care system to survive.

Thank you for your consideration.

Sincerely,
Ronee Kozlowski
[redacted]

United States

Salinas Valley
Federation of Teachers
AFT Local 1020 * AFL-CIO
931 Blanco Circle Salinas, CA 93901 * 831-235-1587

February 19, 2024

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

By email ohca@hcai.ca.gov

Re: Statewide Healthcare Spending Target

Dear Dr. Ghaly, Ms. Landsberg and Mr. Pegany:

You will all be receiving letters from many stakeholder groups, and most have more knowledge and experience in healthcare economics and management than I. However, I have spoken to you several times in person and I appreciate the opportunity to express the voices of Monterey County educators.

Salinas Valley Federation of Teachers strongly supports OHCA's proposed statewide spending target and urges its adoption without any adjustments or graduated ramp in.

The educators in Monterey County need relief from the seemingly ever-increasing healthcare costs. The three hospitals (CHOMP, SVH, and Natividad) and their networks have created an unsustainable and currently unaffordable environment to both retain and attract educators in our communities. Without the ability to attract and retain educators, the school systems in Monterey County will continue to struggle, impacting the overall economic and social balance. Yes, I do correlate the overall systemic health and viability of a community to include the availability of affordable healthcare and the quality of its schools. Our communities in Monterey County need help.

In addition to being a labor leader, I am also a trustee for the JPA that manages healthcare to the majority of the educators in Monterey County through Municipalities, Colleges, Schools Insurance Group (MCSIG). As other groups in Monterey County, we struggle as trustees each year to manage costs through adjustments to plan design and and other cost mitigating strategies, but with the exorbitant charges from the three local hospitals referenced above, we are consistently on the losing end and must raise rates.

This next academic year, Governor Newsome has anticipated a budget with basically flat funding for K-12 school districts, unless the May revise includes even further cuts to education. This budget reality will essentially mean that educators will see no raise and an actual reduction in their income when healthcare rates are adjusted in November 2024. As a trustee and local labor leader, I can already see the

significant negative impact that the 2024-25 State budget for school districts and rising healthcare rates will have on the home budgets.

We hope OHCA spending targets will correct this culture of uncontrolled hospital charge rates passed on to our community.

The proposed 3% cap is at the upper bounds of what is sustainable. We could easily argue that the 3% spending target does not go far enough. In fact, it will do little to reduce the high outlier prices being charged by hospitals in Monterey County. For this reason, we ask that OHCA also perform a cost and market impact review of Monterey County to better understand why costs are so high and unsupportable. This work will no doubt suggest that the caps should be even lower than 3% for Monterey County.

We appreciate the extensive work the OHCA Board and its staff are doing to listen to the voices of consumers who are really struggling. As already stated, we urge you all to uphold the recommended proposal.

Sincerely,

Kati Bassler
President, Salinas Valley Federation of Teachers