2020 West El Camino Avenue, Suite 800
Sacramento, CA 95833
hcai.ca.gov

Public Comments Submitted Regarding OHCA Proposed Spending Target

Part 3

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From:	[redacted] on behalf of Joe LeBlanc
To:	HCAI OHCA
Subject:	Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date:	Tuesday, February 13, 2024 6:49:31 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,

We run a small outdoor preschool and therefore we have to pay for our own insurance. Even with Covered California it is a very expensive monthly bill for teachers who make very little with the inflation and cost of living in the Bay Area. We rarely visit doctors and take our health in our own hands with nutrition and exercise to avoid paying the high cost of doctors or other specialist. We can not even afford dental care and I have been delaying my visits since the cost is so high. In a nation of so much wealth, it is ridiculous how much we have to pay out of own pockets just for the most basic of health care insurance. Should anything happen to our health we will be in debt for the foreseeable future, this system must change so people can get the care they need without going into major debt.

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,
Mx. Joe LeBlanc

From:	[redacted] on behalf of John Curtiss
To:	HCAI OHCA
Subject:	Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date:	Saturday, February 24, 2024 6:05:10 PM

[You don't often get email from [redacted]om. 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 expenIses, I have to delay or ration care, or make difficult decisions about what to prioritize financially.
I WAS COVERED BY MEDICARE.
I WON
I SURVIVED
THANK YOU
JOHN
****
I HAD THE BEST MEDICAL CARE IN THE HOSPITAL(S) CALIFORNIA
ST JOHNS
UCLA

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. John Curtiss

From: [redacted] on behalf of John Kindred
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Wednesday, February 14, 2024 8:43:04 PM

[You don't often get email from [redacted] custom.com. 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,
Mr. John Kindred

From: John Michalak
To: HCAI OHCA
Subject: Health care costs too much, Trust me I know
Date: Wednesday, February 28, 2024 3:30:47 AM

You don't often get email from [redacted]g. 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 patient's health care cost are out of control. Large pharm is exploiting the good folks of the US.

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,
John Michalak
[redacted]

United States

March 8, 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:

California's Office of Health Care Affordability (OHCA) was formed to create a system to curb health care cost growth without sacrificing access to quality health care. At John Muir Health, our mission is to improve the health of the communities we serve with quality and compassion. We are in alignment with OHCA's goals but do not agree with the proposed 3 percent statewide spending growth target.

This target, which is based solely on the historical growth in household income, does not account for the many factors driving health care costs and spending growth. Our concern is that the target is not appropriately considering:

- Demographic factors, such as California's aging population with Californians' age 65 and above estimated to increase to 20 percent of the population by 2030;
- Sicker patients staying in the hospital longer;
- Continued inflation;
- The high cost of technology and pharmaceuticals;
- Labor shortages and increased contract labor costs;
- Reimbursement from private insurers that has not kept pace with inflation;
- Reimbursement that does not meet the cost of care for Medicare and MediCal patients; and
- An unfunded seismic compliance mandate.

Any efforts to slow cost growth while still ensuring access to high quality health care must take into account these factors.

As a not-for-profit health system, any revenue over expenses that we generate is invested back into our health system and the communities we serve. Like many health systems in California, John Muir Health had significant financial losses in 2022 and 2023. At the same time, we have worked hard to reduce our expenses to control costs, achieving $XX million in savings during the past two years.

Despite challenging financial times, we know that we need to continue to invest and grow. We invested $41 million in our workforce to increase wages for employees across our health system and opened a new Cancer Center with UCSF Health on our Walnut Creek Medical Center campus. As an independent health system in a very competitive Bay Area market, these investments are necessary. However, we have also had to make difficult decisions, such as selling our Home Health service, to ensure our short- and long-term financial health so that we are able to care for community now and for generations to come.

Meeting the proposed 3 percent target, which does not cover the cost of inflation, would require more hard choices and would force John Muir Health to reassess investments in our workforce, services and facilities. At John Muir Health, we want affordable care for our community, but we also recognize that making health care more affordable is challenging and requires multifaceted, long-term planning. Locking in a five-year spending growth target at such a turbulent time in health care is not the comprehensive approach that is needed on this issue. We ask the board to reject the OHCA staff proposal and revisit the spending target.

Sincerely,

Mike Thomas
President and CEO

From: Judith Anderson
To: HCAI OHCA
Subject: Health care costs too much, Trust me I know
Date: Wednesday, February 28, 2024 3:34:21 AM

You don't often get email from [redacted] 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 200 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,
Judith Anderson
[redacted]

United States

From: Judith Collins
To: HCAI OHCA
Subject: Health care costs too much, Trust me I know
Date: Thursday, February 15, 2024 10:36:23 AM

CAUTION: This email originated from outside of the organization.

Dear Office of Health Care Affordability Board Members,

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

My health care costs me more than $ __900____ 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,
Judith Collins

United States

From: Judy Klein
To: HCAI OHCA
Subject: Health care costs too much, Trust me I know
Date: Wednesday, March 6, 2024 7:44:14 AM

You don't often get email from [redacted]g. 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.

Preventative health care is the cornerstone of good care. That is why the AHA mandated coverage of mammograms, colonoscopies, etc. I am among the <5% of women with dense breast tissue and my primary care doctor, advised by my mammography specialist, insists that I need a higher level diagnostic mammogram in order to pick up cancers. Unfortunately, my insurance will not pay for this even though it is a vital test for early detection of this all to common killer of young women. I am forced by my insurance company to pay for this test entirely out of pocket even though it is essential to preventative health. This and other similar denials of preventative care (my husband's colonoscopy) have made our health care costs rise dramatically and unsustainably.

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,
Judy Klein
[redacted]

United States

From: Julie Cakici
To: HCAI OHCA
Subject: Health care costs too much, Trust me I know
Date: Thursday, February 29, 2024 11:52:49 AM

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

CAUTION: This email originated from outside of the organization.

Dear Office of Health Care Affordability Board Members,

First, please note that the monthly cost shared above was for the prior 5 years when I was a graduate student at UCSD and SDSU. I now have a full-time job and only pay $38 per month. I bring this to your attention as many students cannot afford high quality health insurance, so it makes little sense that they would have to pay so much. Medi-CAL is a great resource, but it shouldn't be the only insurance option available to students pursuing professional degree who have aged out of their parents' plans. It was only due to unionization that I finally received health insurance through MT employer, UCSD, for my last quarter at the school.

Regarding my personal story, I'm a registered nurse, so I know a lot more about the healthcare system than most people. I have been billed for preventative care numerous times since the ACA became effective, including new patient visits and skin cancer screenings. I also had the unfortunate experience of being billed incorrectly for a new patient visit where my medical history was used as a visit diagnosis/reason. Specifically, in a new patient visit, I disclosed that my husband and I had infertility issues. I specified that I did not need any treatment or resources from this provider and that this was just part of my medical history. My visit was subsequently billed as "infertility," which is much more expensive. Furthermore, this was not accurate as no more than a couple minutes were spent on this topic. This doctor had also ordered lab tests under that billing code despite the tests having nothing to do with infertility and were instead meant to be standard baseline tests (CBC and BMP). I caught the problem before getting my blood work only because of my experience in healthcare. Had I not, I would have been charged hundreds of dollars instead of $20. Furthermore, this error resulted in a visit bill for this very expensive billing code. I spent over a year arguing with my insurance company, who denied my request multiple times with boilerplate responses. It was only when I threatened legal action that they removed the balance.

In addition to my own personal experiences of a failed system, I have been tapped by many friends who are struggling to get care for themselves or their family members. One friend was trying to move her grandmother to hospice, but the treating physicians would not provide a referral for the facility they chose. Instead, my friend reported being strong-armed into making their grandmother go to the hospice center that partnered with the hospital. This center had terrible reviews, and they felt their grandmother was being held hostage in the hospital because they wanted her to get better care. I told them to tell the doctors their wish and threaten to request medical board review if their grandmother's referral was not made in a timely manner. It was only through this that they were able to get the care that was necessary for their family. No one in such a devastating time should be treated like this.

Lastly, SDSU was able to cancel student health insurance with a two-week notice and effective in the middle of the month. In order to avoid a gap in coverage, students would have

to backdate a new policy. Regular insurance providers cannot cancel policies in this manner. School insurance plans should have to follow the same rules at individual plans. In fighting to overturn this decision, I also learned that I could not use the insurance bureau or other state run oversight mechanisms as UC and Cal State could not be overseen by the state agencies as they themselves are a state agencies. There has to be accountability and oversight for these systems. Allowing them to operate with impunity makes no sense. Although this matter was resolved by the school reversing its decision, it shined a spotlight on a huge problem.

Our system is broken, and people who do not have intimate knowledge of the healthcare system likely do not stand a chance. They're probably billed incorrectly regularly, denied necessary medical care because health insurance companies act like physicians or because physicians are being manipulated by corporate overseers who do not share their oath to patients. Insurance companies and corporate healthcare facilities have put profits above people for far too long. My only recommendation is universal healthcare to cut out the middleman who would rather spend tens of millions of dollars to lobby against this than cover necessary procedures and medications.

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

My health care costs me more than $368 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,
Julie Cakici

United States

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:

On behalf of our hospitals in the California Region, 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.**

Dignity Health's 31 hospitals 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 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 the California Region hospitals, meeting the proposed 3% target would mean evaluating 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. Our 31 hospitals operate many services at a loss, such as behavioral health, obstetrics, neonatology, pediatrics, and pulmonology, to name a few. 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 becomes 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,

Julie Sprengel
President, California Region

From:	[redacted] on behalf of Justin Truong
To:	HCAI OHCA
Subject:	Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date:	Monday, February 12, 2024 2:22:29 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,

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,
Mr. Justin Truong
[redacted]

From: [redacted] on behalf of Karen McCaw
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Monday, February 12, 2024 1:08:51 PM

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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. Karen McCaw

From: [redacted] on behalf of Kathleen Russler
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Thursday, February 15, 2024 9:09:53 AM

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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. Recently, my daughter needed some routine blood work done along with some lab tests completed. We saw the doctor and did the recommended lab work. When the explanation of benefits arrived from our insurance company, one of the tests was listed for over $500. Our insurance “discount” was ~$13. That put this one test at almost $500 for us, since the insurance said this test was not covered by our plan at this provider, and this is how much the provider charged for the test. When I called the provider they vehemently defended the fact that this is the “market value” for the test and was negotiated to be the price between the provider and my insurance. When I checked with other labs to see their cost for this lab test, the price, out of pocket, ranged from ~$60-$150. Clearly $500 is not the going market value of this test. Both insurance and provider informed me there is nothing I can do about the cost, and that I should know the cost before I receive services. BUT the provider could not provide me with any estimated cost before the procedure was done, and neither could the insurance. We will now need to pay this bill and wait to buy some needed clothes and shoes and other items for my daughter and other children. This is not the first incidence like this for us, especially over the past year. It makes me know that just because my doctor advises me to have a lab or procedure done, I should delay and find out the pricing first, or forgo it, or I will most likely be continuing to have these types of situations occur.

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 Kathleen Russler
[redacted]

From: [redacted] on behalf of Kei Yamamoto
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Thursday, February 15, 2024 2:49:54 PM

[You don't often get email from [redacted].com. 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,
Mr. Kei Yamamoto

From: Ken See
To: HCAI OHCA
Subject: Health care costs too much, Trust me I know
Date: Thursday, February 15, 2024 10:30:25 AM

CAUTION: This email originated from outside of the organization.

Dear Office of Health Care Affordability Board Members,

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

My health care costs me more than $ 200 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,
Ken See

United States

March 6, 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 Kern Medical, 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, our ability to provide expanded inpatient psychiatric services for behavioral health patients with medical co-morbidities, offering outpatient psychiatric care, or enhancing mobile clinic services for patients in our community with socio-economic challenges.
- Considering ways to reduce current staff or hire fewer staff in the future, including offering fewer retention or recruitment bonuses.
- Uncertainty over our ability to meet state mandates like seismic retrofitting, providing crucial trauma services for a growing population, or operating psychiatric crisis stabilization services in our emergency department.

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,

Scott Thygerson
Chief Executive Officer

From: Kevin Root
To: HCAI OHCA
Subject: Health care costs too much, Trust me I know
Date: Thursday, February 15, 2024 9:36:34 AM

You don't often get email from [redacted]. Learn why this is important
CAUTION: This email originated from outside of the organization.

Dear Office of Health Care Affordability Board Members,

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

My health care costs me more than $ ___314.00___ 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,
Kevin Root
[redacted]

United States

From:	[redacted] on behalf of Keyt Fischer
To:	HCAI OHCA
Subject:	Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date:	Monday, February 12, 2024 3:08:56 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,

Californians like myself face high costs of living, and cannot afford the ever-escalating price of health care. Because of these expenses, my husband and I have to 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 Keyt Fischer

From: [redacted] on behalf of Kit Bear
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Monday, February 12, 2024 1:49:54 PM

[You don't often get email from k[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,

My name is Kit Bear and I am a 25 year old, neuro-divergent, white, trans, non-binary person assigned female at birth. I work as a Digital Communications Specialist for Health Access, and I also volunteer teaching workshops to graphic design students in college, as well as with rescue dogs in need of behavior therapy.

Californians like myself, with numerous responsibilities and expenses, cannot afford the ever-escalating costs of the current health care system. I have diagnosed OCD, ADHD, C-PTSD, Bipolar 2, Generalized Anxiety and Panic Disorder, Binge Eating Disorder, Substance Abuse Disorder, alleged Autism Spectrum Disorder. ASD is alleged because regular psychiatrists cannot diagnose Autism, and diagnosis from a qualified provider can be anywhere between $4-$6k. Insurance does not cover Autism assessments for adults because by most health insurance plans.

I face multiple co-pays a month for therapy and psychiatry, as well as for my medications. One of my medications, Concerta, requires prior authorization for insurance to cover it, and without insurance it costs more than $350 for one month's supply. I need this Medication to function on a daily basis. In 2021, I underwent a treatment called TMS, an alternative treatment for various mental illnesses recommended to those who have been on multiple anti-depressants without success, which required numerous conversations between my health plan and my psychiatrist's billing department in order to qualify for coverage. Without insurance, treatment would have cost upwards of $12k. That doesn't account for the cost of gas, emotional energy, and possibly time off work to drive to the treatment center 5 days a week, for one hour treatment sessions every day, over 9 weeks.

I am on five different daily medications that cannot lapse without risk to my mental and physical health. My dad, who had Bipolar 1, lapsed his mood stabilizer for three weeks and then committed suicide. In 2022 I enrolled in Medi-Cal while still in college, and because no Medi-Cal managed plans were accepted by both my therapist and psychiatrist, I chose a plan which covered my weekly therapy and paid out of pocket for psychiatry - $275 an appointment with appts mandated every 3 months in order to continue accessing my medication. Therapy without coverage would have been $175 a session, and during one point of my college education I was going to therapy twice a week.

As aforementioned, I was paying these bills as a college student with very little income and a massive list of expenses. Because of these expenses, my only priority at every point in my life has been attaining an occupation with sufficient health coverage to ensure my monthly cost of care doesn't further strain my finances. I am extremely lucky to have a job that I love and that meets all my needs, but as you can imagine it's like finding a needle in a haystack.

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,
Mx. Kit Bear

From:	[redacted] on behalf of Kit Bear
To:	HCAI OHCA
Subject:	Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date:	Monday, February 12, 2024 9:45:39 AM

[You don't often get email from k[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,
Mx. Kit Bear

February 26, 2024

Megan Brubaker
Engagement and Governance Manager
Office of Health Care Affordability
2020 West El Camino Avenue, Suite 1200
Sacramento CA 95833

Dear Ms. Brubaker:

On behalf of Kaiser Permanente, I am writing to provide our comments on the Office of Health Care Affordability's (OHCA's) proposal to establish a statewide health care cost target of three percent.

Kaiser Permanente shares the commitment to improving access to high quality, affordable health care for all Californians and we appreciate OHCA's continued work toward this goal. However, we believe the proposed cost target, while well-intentioned, leaves critical questions unanswered and major cost drivers inadequately addressed. Our observations are set forth in detail below.

Flawed Methodology

The OHCA staff's rationale for the three percent cost target proposal uses a 20-year period of historical median household income growth as the sole indicator to inform the target percentage. Even if household income is the right measure, a 20-year lookback is inclusive of the years of the Great Recession, so the benchmark is skewed. A 10-year lookback more accurately represents normal past experience. The 20-year period behind us is a poor predictor of what is possible going forward. We understand the desire to tie the growth in health care costs more closely to household income, but care and consideration must be given to striking a balance, to begin to bend the cost curve while we also protect access, quality and equity.

Major Cost Drivers Not Fully Addressed

The proposed cost target does not adequately take into consideration major health care cost drivers that are generally out of control of health care entities, such as the price of pharmaceuticals and other new technology costs, statutory minimum wage increases and population factors. The suggestion by OHCA staff that these items can be taken into consideration later for possible adjustment may not be sufficient, especially when the proposal locks in the target for five years. We would especially urge the OHCA staff and board members to not "give a pass" to high-priced drugs and the dysfunctional, anti-competitive pharmaceutical marketplace that is in large part responsible for making health care less affordable for consumers. Even organizations like Kaiser Permanente that manage drug utilization well and directly purchase drugs, allowing us to drive discounts on the drugs that bring the most value to our

members, are experiencing increases in net pharmaceutical costs substantially in excess of the proposed benchmark.

Impact on Workforce Unknown

While the OHCA statute authorizes the OHCA board to adjust the cost targets to account for organized labor costs, the OHCA staff have yet to articulate how such an adjustment would be put into place nor how a three percent target could impact the workforce. Health care labor costs are increasing well beyond the proposed target. There is more work to be done to ensure that a target does not negatively affect the health care workforce and health care employers.

Other States' Experiences Suggest Caution

The OHCA staff and consultants often refer to other states that have set targets at or near three percent and insist California should do the same. California's highly capitated health care system is unique and complex, and a direct comparison may not be possible. Moreover, some states are now having to backtrack from their early efforts. For example, Oregon is now revisiting enforcement of its cost target since so many of its health care entities have not been able to meet it. The Oregon Health Authority is considering revisions to its regulations that will allow enforcement to take into consideration several reasonable causes for exceeding the target, including:

- Changes in law including changes in mandated benefits;
- New pharmaceuticals or medical treatments entering the market, including new medical procedures;
- Changes in taxes related to health care or other administrative requirements including but not limited to changes in medical loss ratio rebate requirements;
- Acts of God such as natural disasters or pandemics;
- Investments to improve population health or address health equity and investments in primary care or behavioral health;
- Macro-economic factors such as periods of significant inflation, supply chain shortages, or labor shortages;
- Compensation paid to frontline workers.

We would note that while California law allows some of these items to be taken into consideration at the initial target setting, OHCA staff has elected not to do so. Many of the other items on this list, which drive health care costs, are not contemplated in the proposed three percent target, despite being repeatedly raised by expert advisory committee members and public commenters.

OHCA Risks Being Overwhelmed

Because the proposed cost target is likely far afield of what would be achievable for nearly all entities, as we have seen in other states the Office will likely be overwhelmed with the need to engage in enforcement activities. While we appreciate that the underlying OHCA statute allows for a graduated enforcement process, the amount of technical assistance and oversight that will be triggered by this arbitrary cap will quickly inundate the Office, rendering it ineffective and

undermining its mission. Add this workload to that which will be generated by the very expansive Cost and Market Impact Review process recently adopted and OHCA is likely to be quickly underwater.

Reasonable Alternatives Exist

For these reasons, Kaiser Permanente urges the OHCA board to not immediately adopt the three percent cost target proposal and instead take the time the statute allows to explore an alternative target that is more reflective of recent experience, is achievable, sustainable and will not harm workers, access and quality. For example, if the median household income remains the desired benchmark, then a 10-year historical average would be much more appropriate. In addition, rather than adopting an unrealistic benchmark for five years, we suggest a glidepath approach would better accommodate the many complexities and nuances in our health care system.

Process and Timeline

Kaiser Permanente urges the OHCA board to not act hastily in adopting a cost target. There are four board meetings before the June 1st deadline, and we recommend the board take that time to fully explore the ramifications of the cost target and be given the opportunity to hear from a broader set of independent, third-party experts as they weigh the proposal. The weight and impact of this decision is significant. The board should be fully informed of all the risks and should hear from health care finance experts, economists, a variety of providers and workers before making this consequential decision and should fully utilize the available time before its May 22nd board meeting to adopt a target.

Thank you for considering our comments. Once again, we commend the OHCA staff and board members for your efforts to drive toward greater health care affordability. We support that objective, and we look forward to our ongoing work together toward this goal. Please do not hesitate to contact me at Teresa.R.Stark@kp.org with any questions.

Sincerely,

Teresa Stark
Vice President, CA Government Relations

CC: Members, Office of Health Care Affordability Board
Elizabeth Landsberg, Director, Department of Health Care Access and Information
Vishaal Pegany, Deputy Director, Office of Health Care Affordability
Richard Figueroa, Governor's Office
Angela Pontes, Governor's Office
Brendan McCarthy, CA Health and Human Services Agency

From:	Kristina Rodriguez
To:	HCAI OHCA
Subject:	Health care costs too much, Trust me I know
Date:	Thursday, February 15, 2024 10:34:23 AM

CAUTION: This email originated from outside of the organization.

Dear Office of Health Care Affordability Board Members,

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

My health care costs me more than $ 80-$100 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,
Kristina Rodriguez

United States

From: [redacted] on behalf of Laila Solaris
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Monday, February 12, 2024 5:27:56 PM

[You don't often get email from lailasolaris@everyactioncustom.com. 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 spent all of my inheritance, and the only way I will survive is by going on disability.

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. Laila Solaris

From: [redacted] on behalf of Laura Kubik
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Tuesday, February 13, 2024 10:26:02 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,

On March 3, 2023 I had a quad riding accident while in Glamis a lacerated my thigh. My husband drove me to Pioneers Hospital in Brawley. We have insurance. I spent a few hours in the emergency room, where I was given x-rays, bloodwork, and eventually 12 stiches. I was then released. The bill came out to MORE THAN $11,000! That's right, more than $11,000! Even though this hospital is "in network" I still ended up owing more than $4000. I applied for assistance through "charity" program but was declined because my income was above poverty level. I am now being harassed daily by debt collectors.

I have tried on numerous occasions to discount of some sort but was rejected each time. Clearly it did not cost the hospital over $11,000 to treat me, but that is what they are demanding, or else they are going to destroy my credit.

Health care is a basic need and right, and it is time that we as a nation treat it as such.

Best Regards,
Laura Kubik
Menifee Ca. 92584

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. Laura Kubik
[redacted]

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.

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,

Lawrence N. Cosner Jr, MD
Board Director,
Ridgecrest Regional Hospital

From: [redacted] on behalf of Leonard Tremmel
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Friday, February 23, 2024 5:36:37 PM

[You don't often get email from s[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,

I am lucky that due to my circumstances, I qualify for both Medicare and Medi-Cal, as Medicare alone has too many holes in its coverage and the add ons are both expensive and narrowly focused. Though relatively healthy for my age, I do have glaucoma and suffer from arrythmia, and value the inexpensive prescriptions to control these conditions. Most people seeking coverage, whether seniors or not, don't qualify for the extra help and must ration their care and / or prescriptions to manage costs. This change would be a step in the right direction for the majority of covered individuals.

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. Leonard Tremmel
[redacted]

California Association of Medical Product Suppliers
One Capitol Mall, Suite 800
Sacramento, CA 95814
Phone: (916) 443-2115
Fax: (916) 444-7464
www.campsone.org

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 the California Association of Medical Product Suppliers (CAMPS), we appreciate the opportunity to provide comments regarding the Office of Health Care Affordability (OHCA) staff recommendation of an annual 3% statewide health care spending growth target for 2025-2029.

Our member companies provide medical supplies, enteral nutrition, ostomy, urinary catheter, and incontinence absorbent products, as well as durable medical equipment and medically necessary services for beneficiaries who require the support ordered by their physician to remain in their own homes or other community settings.

This staff recommendation is based on the single economic indicator of the median household income growth from 2002 – 2022, which is unrelated to the increasing cost of practicing medicine. Adopting a 3% health care spending growth target, which most physician practices and health care entities will be unable to meet, will negatively impact access to health care for Californians, particularly for communities that have historically lacked equitable access to quality health care. CAMPS urges the Health Care Affordability Board (Board) to take the time to explore alternatives to the unrealistic staff proposal before casting the most important vote you are charged with making.

The Cost of Providing Health Care and Historical Health Care Spending Growth Should Be Factored into the Target

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 is critical to consider, rather than ignore, the cost of providing health care when setting California's spending growth target. In the last CAMPS survey of members, the majority of physician practices in this state were still worried about their financial health after the height of the pandemic was behind us. Setting a spending growth target that disregards the rate of inflation, increasing labor costs and those for necessities such as medical supplies and utilities is more likely to drive smaller practices to be acquired by larger, more costly health care systems than it is to save consumers money.

If the Board sets a target lower than the actual cost of providing health care, providers will be pressured to deliver less medically necessary health care. If Californians cannot access care, patients, their employers and taxpayers will be paying for insurance coverage they cannot use. Affordability is only meaningful if there is access to care.

Moreover, if the state's spending growth target is unrelated to the cost of providing health care, it will be difficult to get buy-in from the health care entities subject to the cost targets to make changes that are within their power without coming at the expense of quality patient care.

Further, the average annual growth in per capita health care spending should be considered when setting a spending growth target. According to CMS for California, the 10-year average annual change in per capita health care spending from 2010-2020 was 4.7%, and the 20-year average annual change in per capita heath care spending from 2000-2020 was 5.4%. It is unfeasible to meet a 3% health care spending growth target considering that CMS estimates the cost to practice medicine in 2024 will grow by 4.6% and the average annual change in per capita health care spending was no less than 4.7% in the 20 years from 2000 – 2020.[1]

As has been mentioned by many witnesses testifying before you and by members of the OHCA Advisory Committee, the rate of household income growth is unrelated to the factors driving cost increases in health care. Additionally, the choice by OHCA staff to use the median household income over 20 years (with years that include the greatest recession since the 1920s) would result in a 3% target that is artificially low. If the Board continues down the questionable path of using median household income as the sole factor in determining the spending growth target, it would be more appropriate to look at the median income over the last ten years, which is 4.1%, and the current projection for median household income growth for 2026, which is 3.6%.

Access to Care Needs to Be Considered Along with Affordability

Health care affordability is a concept that does not and should not exist in a vacuum. SB 184, Chapter 47, Statutes of 2022 that created the Office of Health Care Affordability specifically names "Access, Quality and Equity of Care" among its goals. These three priorities coupled with affordability are the quadruple aim of the Office of Health Care Affordability. Currently, many Californians already have difficulty getting timely access to health care. Covered California's narrow provider networks were recently raised as a concern by an OHCA board member, followed by the statement from another Board member that those with large employer coverage are also having trouble getting timely appointments with specialists. A 3% target put in place for 5 years will undoubtedly result in longer wait times for most California patients.

Health Care Growth Spending Targets in Other States

The statements that have been made at your Board meetings that could lead one to believe that California is simply replicating what has worked in other states omit most of the relevant facts. CAMPS strongly encourages you to look at the health care spending growth targets that were initially adopted in other states, what factors informed their decisions, and how those targets have been modified since initial adoption. No other state has set its initial spending growth target as low as 3%. For example, in 2013 in Massachusetts, the health care spending growth

[1] State Health Expenditure Accounts by State of Residence, 1991-2020, Centers for Medicare & Medicaid Services. https://www.cms.gov/data-research/statistics-trendsand-reports/national-health-expenditure-data/state-residence.

target was set at 3.6%, based on the state's estimated potential growth state product (PGSP). Then it was lowered to 3.1% in 2018 (PSPG -.5%), and then the target was increased to 3.6% in 2023.[2] PGSP is comprised of several economic factors, including the expected growth in national labor force productivity, state labor force, national inflation and state population growth. Delaware set its benchmark for 2019 to 3.8% via Executive Order. Oregon's benchmark was determined by the state's Sustainable Health Care Cost Growth Target Implementation Committee. It considered PSPG, wage and personal income growth and set its cost growth target at 3.4% for 2021–2025 with a planned reduction to 3.0% for 2026–2030. Connecticut set a 3.4% cost growth benchmark that is a blend of the growth in per capita PGSP and the forecasted growth in median income of state residents, with a recommended reduction to 3.2% for 2022 and 2.9% for 2023–2025. And as mentioned by OHCA's consultant at the February 2024 Board meeting, these other states set their targets before the current inflationary situation and there is little optimism about states meeting the targets set for 2023 and 2024.

Based on a review of five other state spending targets, it appears that California is contemplating setting an overly ambitious and unobtainable target at the outset, rather than where other states set their initial targets. As you begin your work with health care entities to attempt to meet spending growth targets, we urge you to consider the increasing cost of providing care. Your initial spending growth target should be one that health care entities can achieve without reducing access to quality care. Instead of starting at an unrealistic place, we suggest that the Board set the spending growth target for 2025 at a level that considers the increased costs of providing care and then you can lower the percentage over time. Additionally, given that the Board has currently only considered one option and California has no experience with this yet, we think that setting spending targets for five years is ill-advised.

Consolidation Implications

According to a 2019 California Health Care Foundation Report, prices for both inpatient and outpatient services increase when there is more market concentration or consolidation[3]. If the Board sets the health care growth spending target too low, high-cost outliers will continue to be just that – high-cost outliers, and smaller entities will give up and be swallowed up by larger, often more expensive systems. Setting the targets too low will drive the very consolidation that leads to increased health care costs that you hope to prevent.

Implications of SB 525 and MCO Tax Should Be Considered

Last year, the Governor signed SB 525 (Durazo) which will increase the minimum wage for health care workers to $25 an hour over a series of years depending on the health care setting. For integrated healthcare systems with 10,000 employees or more and dialysis clinics, or county-operated health care facilities with a population of more than 5 million by January 1, 2023, the minimum wage will increase to $23 an hour beginning June 1, 2024, increase to $24 an hour on June 1, 2025, and to $25 an hour on June 1, 2026. For hospitals with a high governmental payor mix, an independent hospital with an elevated governmental payor mix, a rural independent covered health care facility, or a covered health care facility that is operated by a county with a population of less than 250,000 as of January 1, 2023, the minimum wage for

[2] Joel Ario, Kevin McAvey, and Amy Zhan, State Benchmarking Models: Promising Practices to Understand and Address Health Care Cost Growth, Manatt Health, June 2021.
[3] Richard Sheffler, Daniel Arnold, Brent Fulton, Health Care Prices and Market Consolidation in California, California Healthcare Foundation, October 2019. https://www.chcf.org/publication/the-skys-the-limit/#market-concentration

covered health care employees shall be $18 per hour from June 1, 2024 and must increase incrementally to $25 per hour beginning June 1, 2033. Regardless of the exact timeline of SB 525 implementation, state law ensures that health care entities will have increased labor costs going forward and this fiscal reality should be taken into consideration when adopting a health care spending growth target.

In addition, a new Managed Care Organization (MCO) Tax was enacted in 2023 and will provide much needed rate increases for Medi-Cal providers for the first time in thirty years to increase access to care for the one in three Californians who are enrolled in Medi-Cal. The Coalition to Protect Access to Care worked with the Administration and the legislature to make this historic investment in the Medi-Cal system a reality. Over $1 billion annually of this spending will be new investment in primary care, aligned with the call in OHCA statute for increased investment in primary care. All of the new revenue from the MCO tax that will be invested in Medi-Cal and workforce expansion will help to increase access to care, particularly for low-income Californians. Failing to account for this critical new spending that will improve access to care for Californians when setting the spending growth target undermines all of the work we are collectively doing to improve patient care in the Medi-Cal system.

Putting Cost Targets in Place for Five Years Before Any Data Available

The proposal to keep a 3% target in place for five years is too long a timeframe for an initial spending target. California's lack of experience with collecting the data and calculating Total Health Care Expenditures for the state, let alone setting and maintaining a spending growth target, is among the arguments for setting targets that last for no more than two or three years. While predictability is important, it is critical that the Board gain information and employ some of the flexibility that was discussed during the Senate Rules Confirmation hearings and in your February Board meeting to adjust targets when appropriate. Sector-specific targets may be warranted, and if so, the Board should begin work on those for as early as 2026.

Revise Proposal: Consider Economic Factors That Impact the Cost of Health Care Delivery

CAMPS strongly recommends that the Board reject the staff's recommendation of a 3% annual statewide health care spending growth target because it is both unrealistic and does not take into consideration critical factors such as the actual cost of providing health care such as labor costs, supply costs, medical equipment costs and inflation.

We urge the Board to set a cost target for 2025 that considers the economic realities of today, and the next 18 months, rather than reaching back to the Great Recession that lasted from 2007-2009 and including household income growth during that period to arrive at an artificially low spending growth target unrelated to costs today.

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.

CAMPS urges the Board to consider the spending target's impact on more than just the hope of affordability. This spending target will have real-life impacts on patient access and quality of care. It would be counterproductive to sacrifice quality and access to care.

We look forward to working with you on this and other critical issues before the Office of Health Care Affordability Board this year and beyond. For more information or questions, please contact Cathleen Galgiani (209) 495-2001 or cgalgiani@gmail.com.

Sincerely,

Gloria Peterson
CA Association of Medical Product Suppliers, Executive Director

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

CRS
CALIFORNIA RADIOLOGICAL SOCIETY
A CHAPTER OF THE AMERICAN COLLEGE OF RADIOLOGY

One Capitol Mall, Suite 800
Sacramento, CA 95814
Phone: 916-446-2028
Fax: 916-444-7462
www.calrad.org

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 the California Radiological Society (CRS), we appreciate the opportunity to provide comments regarding the Office of Health Care Affordability (OHCA) staff recommendation of an annual 3% statewide health care spending growth target for 2025-2029.

This staff recommendation is based on the single economic indicator of the median household income growth from 2002 – 2022, which is unrelated to the increasing cost of practicing medicine. Adopting a 3% health care spending growth target, which most physician practices and health care entities will be unable to meet, will negatively impact access to health care for Californians, particularly for communities that have historically lacked equitable access to quality health care. CRS urges the Health Care Affordability Board (Board) to take the time to explore alternatives to the unrealistic staff proposal before casting the most important vote you are charged with making.

The Cost of Providing Health Care and Historical Health Care Spending Growth Should Be Factored into the Target

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 is critical to consider, rather than ignore, the <u>cost</u> of providing health care when setting California's spending growth target. In the last CRS survey of members, the majority of physician practices in this state were still worried about their financial health after the height of the pandemic was behind us. Setting a spending growth target that disregards the rate of inflation, increasing labor costs and those for necessities such as medical supplies and utilities is more likely to drive smaller practices to be acquired by larger, more costly health care systems than it is to save consumers money.

If the Board sets a target lower than the actual cost of providing health care, providers will be pressured to deliver less medically necessary health care. If Californians cannot access care, patients, their employers and taxpayers will be paying for insurance coverage they cannot use. Affordability is only meaningful if there is access to care.

Moreover, if the state's spending growth target is unrelated to the cost of providing health care, it will be difficult to get buy-in from the health care entities subject to the cost targets to make changes that are within their power without coming at the expense of quality patient care.

Further, the average annual growth in per capita health care spending should be considered when setting a spending growth target. According to CMS for California, the 10-year average annual change in per capita health care spending from 2010-2020 was 4.7%, and the 20-year average annual change in per capita heath care spending from 2000-2020 was 5.4%. It is unfeasible to meet a 3% health care spending growth target considering that CMS estimates the cost to practice medicine in 2024 will grow by 4.6% and the average annual change in per capita health care spending was no less than 4.7% in the 20 years from 2000 – 2020.[1]

As has been mentioned by many witnesses testifying before you and by members of the OHCA Advisory Committee, the rate of household income growth is unrelated to the factors driving cost increases in health care. Additionally, the choice by OHCA staff to use the median household income over 20 years (with years that include the greatest recession since the 1920s) would result in a 3% target that is artificially low. If the Board continues down the questionable path of using median household income as the sole factor in determining the spending growth target, it would be more appropriate to look at the median income over the last ten years, which is 4.1%, and the current projection for median household income growth for 2026, which is 3.6%.

Access to Care Needs to Be Considered Along with Affordability

Health care affordability is a concept that does not and should not exist in a vacuum. SB 184, Chapter 47, Statutes of 2022 that created the Office of Health Care Affordability specifically names "Access, Quality and Equity of Care" among its goals. These three priorities coupled with affordability are the quadruple aim of the Office of Health Care Affordability. Currently, many Californians already have difficulty getting timely access to health care. Covered California's narrow provider networks were recently raised as a concern by an OHCA board member, followed by the statement from another Board member that those with large employer coverage are also having trouble getting timely appointments with specialists. A 3% target put in place for 5 years will undoubtedly result in longer wait times for most California patients.

Health Care Growth Spending Targets in Other States

The statements that have been made at your Board meetings that could lead one to believe that California is simply replicating what has worked in other states omit most of the relevant facts. CRS strongly encourages you to look at the health care spending growth targets that were initially adopted in other states, what factors informed their decisions, and how those targets have been modified since initial adoption. No other state has set its initial spending growth target as low as 3%. For example, in 2013 in Massachusetts, the health care spending growth target was set at 3.6%, based on the state's estimated potential growth state product (PGSP). Then it was lowered to 3.1% in 2018 (PSPG -.5%), and then the target was increased to 3.6% in 2023.[2] PGSP is comprised of several economic factors, including the expected growth in

national labor force productivity, state labor force, national inflation and state population growth. Delaware set its benchmark for 2019 to 3.8% via Executive Order. Oregon's benchmark was determined by the state's Sustainable Health Care Cost Growth Target Implementati

Committee. It considered PSPG, wage and personal income growth and set its cost growth target at 3.4% for 2021–2025 with a planned reduction to 3.0% for 2026–2030. Connecticut set a 3.4% cost growth benchmark that is a blend of the growth in per capita PGSP and the forecasted growth in median income of state residents, with a recommended reduction to 3.2% for 2022 and 2.9% for 2023–2025. And as mentioned by OHCA's consultant at the February

[1] State Health Expenditure Accounts by State of Residence, 1991-2020, Centers for Medicare & Medicaid Services. https://www.cms.gov/data-research/statistics-trendsand-reports/national-health-expenditure-data/state-residence.

[2] Joel Ario, Kevin McAvey, and Amy Zhan, State Benchmarking Models: Promising Practices to Understand and Address Health Care Cost Growth, Manatt Health, June 2021.

2024 Board meeting, these other states set their targets before the current inflationary situation and there is little optimism about states meeting the targets set for 2023 and 2024.

Based on a review of five other state spending targets, it appears that California is contemplating setting an overly ambitious and unobtainable target at the outset, rather than where other states set their initial targets. As you begin your work with health care entities to attempt to meet spending growth targets, we urge you to consider the increasing cost of providing care. Your initial spending growth target should be one that health care entities can achieve without reducing access to quality care. Instead of starting at an unrealistic place, we suggest that the Board set the spending growth target for 2025 at a level that considers the increased costs of providing care and then you can lower the percentage over time. Additionally, given that the Board has currently only considered one option and California has no experience with this yet, we think that setting spending targets for five years is ill-advised.

Consolidation Implications

According to a 2019 California Health Care Foundation Report, prices for both inpatient and outpatient services increase when there is more market concentration or consolidation[3]. If the Board sets the health care growth spending target too low, high-cost outliers will continue to be just that – high-cost outliers, and smaller entities will give up and be swallowed up by larger, often more expensive systems. Setting the targets too low will drive the very consolidation that leads to increased health care costs that you hope to prevent.

Implications of SB 525 and MCO Tax Should Be Considered

Last year, the Governor signed SB 525 (Durazo) which will increase the minimum wage for health care workers to $25 an hour over a series of years depending on the health care setting. For integrated healthcare systems with 10,000 employees or more and dialysis clinics, or county-operated health care facilities with a population of more than 5 million by January 1, 2023, the minimum wage will increase to $23 an hour beginning June 1, 2024, increase to $24 an hour on June 1, 2025, and to $25 an hour on June 1, 2026. For hospitals with a high governmental payor mix, an independent hospital with an elevated governmental payor mix, a rural independent covered health care facility, or a covered health care facility that is operated by a county with a population of less than 250,000 as of January 1, 2023, the minimum wage for covered health care employees shall be $18 per hour from June 1, 2024 and must increase incrementally to $25 per hour beginning June 1, 2033. Regardless of the exact timeline of SB 525 implementation, state law ensures that health care entities will have increased labor costs going forward and this fiscal reality should be taken into consideration when adopting a health care spending growth target.

In addition, a new Managed Care Organization (MCO) Tax was enacted in 2023 and will provide much needed rate increases for Medi-Cal providers for the first time in thirty years to increase access to care for the one in three Californians who are enrolled in Medi-Cal. The Coalition to Protect Access to Care worked with the Administration and the legislature to make this historic investment in the Medi-Cal system a reality. Over $1 billion annually of this spending will be new investment in primary care, aligned with the call in OHCA statute for increased investment in primary care. All of the new revenue from the MCO tax that will be invested in Medi-Cal and workforce expansion will help to increase access to care, particularly for low-income Californians. Failing to account for this critical new spending that will improve access to care for Californians when setting the spending growth target undermines all of the work we are collectively doing to improve patient care in the Medi-Cal system.

Putting Cost Targets in Place for Five Years Before Any Data Available

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[3] Richard Sheffler, Daniel Arnold, Brent Fulton, Health Care Prices and Market Consolidation in California, California Healthcare Foundation, October 2019. https://www.chcf.org/publication/the-skys-the-limit/#market-concentration

The proposal to keep a 3% target in place for five years is too long a timeframe for an initial spending target. California's lack of experience with collecting the data and calculating Total Health Care Expenditures for the state, let alone setting and maintaining a spending growth target, is among the arguments for setting targets that last for no more than two or three years. While predictability is important, it is critical that the Board gain information and employ some of the flexibility that was discussed during the Senate Rules Confirmation hearings and in your

February Board meeting to adjust targets when appropriate. Sector-specific targets may be warranted, and if so, the Board should begin work on those for as early as 2026.

Revise Proposal: Consider Economic Factors That Impact the Cost of Health Care Delivery

CRS strongly recommends that the Board reject the staff's recommendation of a 3% annual statewide health care spending growth target because it is both unrealistic and does not take into consideration critical factors such as the actual cost of providing health care such as labor costs, supply costs, medical equipment costs and inflation.

We urge the Board to set a cost target for 2025 that considers the economic realities of today, and the next 18 months, rather than reaching back to the Great Recession that lasted from 2007-2009 and including household income growth during that period to arrive at an artificially low spending growth target unrelated to costs today.

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.

CRS urges the Board to consider the spending target's impact on more than just the hope of affordability. This spending target will have real-life impacts on patient access and quality of care. It would be counterproductive to sacrifice quality and access to care.

We look forward to working with you on this and other critical issues before the Office of Health Care Affordability Board this year and beyond. For more information or questions, please contact our lobbyist, Ryan Spencer, at (916) 396-9875 or rspencer@rgsca.com.

Sincerely,

Matthew Peralta, CAE
California Radiological Society, Executive Director

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

February 26, 2024

The Honorable Mark Ghaly, Chair
Health Care Affordability Board
2020 W El Camino Ave
Suite 800
Sacramento, CA 95833

Dear Secretary Ghaly and members of the board,

On behalf of those living with blood cancer and their families, we support the Office of Health Care Affordability's (OHCA) proposal to set a cost-growth target representative of patient's experiences and costs.

The Leukemia & Lymphoma Society® (LLS) is a global leader in the fight against cancer. The LLS mission: Cure leukemia, lymphoma, Hodgkin's disease and myeloma, and improve the quality of life of patients and their families. LLS funds lifesaving blood cancer research around the world, provides free information and support services, and is the voice for all blood cancer patients seeking access to quality, affordable, coordinated care.

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.

Over 100 million people living in America, 1 in 3, struggle with the weight of medical debt, according to a survey conducted by LLS, the American Cancer Society Cancer Action Network, and RIP Medical Debt. Nearly 7 in 10 U.S. adults say they receive a medical bill they cannot afford. This means many are forced to delay paying or put the bill onto a credit card bill. Worse still, 4 in 10 decided to delay medical care altogether because they did not want to go further into debt.

On average, blood cancer patients incur $156,845 in total medical spending in the twelve months following diagnosis. Out-of-pocket costs are a persistent challenge even years into remission.[1] Several studies show that cancer patients dig into or even deplete savings to pay for their care. Many go into debt due to the cost of their care and are 2.7 times more likely to file for bankruptcy. And these problems are worse for non-white individuals.[2]

[1] Ibid.
[2] Financial Toxicity and Cancer Treatment. National Cancer Institute. Updated September 20 2022. Retrieved at: https://www.cancer.gov/about-cancer/managing-care/track-care-costs/financial-toxicity-hp-pdq

High costs may force patients to delay or forgo treatment. 70% of commercially insured patients abandoned newly prescribed medication when they had to pay more than $250 for treatment. About 11% of patients with out-of-pocket costs of less than $30 left their prescriptions at the pharmacy.[3]

The OHCA staff proposal of a cost growth target is not a reduction nor a freeze but a goal for the healthcare industry to compete within the same constraints as a median California family. 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, 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 actual 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.

Again, we support the creation of a cost-growth target that reflects the real experiences of California consumers and communities. Thank you for your consideration.

Sincerely,

Adam C Zarrin

Adam Zarrin
The Leukemia & Lymphoma Society
Director, State Government Affairs

[3] K. Devane, K. Harris, and K. Kelly. (2018) Patient Affordability Part Two: Implications for Patient Behavior & Therapy Consumption. IQVIA. Retrieved at: https://www.iqvia.com/-/media/iqvia/pdfs/us/us-location-site/market-access/patient-affordability-part-two---implications-for-patient-behavior-and-therapy-consumption.pdf

From:	[redacted] on behalf of Liane Tuomala
To:	HCAI OHCA
Subject:	Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date:	Monday, February 12, 2024 1:18:45 PM

[You don't often get email from . 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.

In 2005 I received an ambulance bill for $8,000. The ambulance transported me across the street. The ambulance company explained to me I was lucky I wasn't charged for mileage or the bill would be even higher.

In 1994 I had an emergency appendectomy surgery. I was told my ER bill was dismissed because I was admitted to the hospital. I was in the hospital for 3 days and my bill was $250,000. Luckily, my employer paid the full amount aster I called national headquarters and cried to them, I can't pay this bill! Why does a simple surgery cost so much!

It's ridiculous that we must go without a hospital stay or decline an ambulance out of fear of the cost. No other western country lives this way. Why are we gouged in United States by drug companies, hospitals and doctors?

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. Liane Tuomala

From:	Lisa Michel
To:	HCAI OHCA
Subject:	Health care costs too much, Trust me I know
Date:	Friday, February 16, 2024 10:30:10 AM

CAUTION: This email originated from outside of the organization.

Dear Office of Health Care Affordability Board Members,

I have the BRCA-1 gene mutation, and got a prophylactic double mastectomy. The medical expenses (according to what was billed to insurance) were close to $400k, and that is before my reconstruction. I am fortunate to have good coverage, but it blows my mind how expensive necessary medical treatments are. I don't know how un/under-insured Americans can survive with such prohibitive health costs. Additionally, there have been many times that my claims have been wrongly denied, and it's only after calling to investigate, and sometimes making a settlement, that I've been able to dispute a denied claim successfully, or at least been given the opportunity to pay less than they are trying to bill. Every single time, I think about all the people who don't know that they can take such measures.

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

My health care costs me more than $ ______ 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,
Lisa Michel

United States

March 11, 2024

VIA E-MAIL

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: Opposition to OHCA Staff Recommendation – Proposed Statewide Health Care Spending Target

Dear Secretary Ghaly and Board Members, Health Care Affordability Board:

The Latinx Physicians of California (LPOC) write in opposition to the Office of Health Care Affordability (OHCA) staff recommendation of an annual 3% statewide health care spending growth target for 2025-2029.

The recommendation – based on a single economic indicator of the median household income growth from 2002 – 2022, is unrelated to the ever-increasing cost of practicing medicine in California. Adopting a fixed and inflexible growth cap of 3% presents an almost insurmountable challenge for California Latinx physician practices to meet. The 5-year, fixed cap, will negatively impact access to health care for Californians, particularly Latino communities that have historically lacked access to quality health care.

The fixed cap runs counter to the needed investment in, and commitment of financial resources for a number of generally-agreed upon strategies for addressing – and ultimately resolving – the critical and still-developing shortage of physicians in California, particularly within the shrinking ranks of Latinx physicians in this state. Among the many practical strategies that have surfaced and are in need of implementation are:

- Changing physician compensation models to incentivize primary care practice in underserved areas, and reduce the income gap between primary care physicians and other specialties.
- Incentivizing recruitment of residents that have trained out of state back to practice in California and incentivize physicians to practice in underserved areas using monetary and monetarily-based tools (e.g., tax credits) for clinicians who practice in rural areas.
- Expanding and incentivizing private, possibly employer-centered, and public, loan repayment programs to ease the financial burden of a medical education, particularly, for language capable primary care physicians.

1001 K Street, 6th Floor, Sacramento, CA 95814
O: 916.701.8999 Fx: 916.447.1144 E-mail: john@valencialobby.com

●Support and expand funding from private and public sectors that will help underwrite physician, and other health care professionals, location and service in Health Professional Shortage Areas (HPSAs).

These innovations, and scores of other novel and critically necessary strategies, will warrant spending that cannot be artificially excised from health care spending. It is an immutable fact that health care spending will, and must, increase in these and many more approaches to heading off a broader collapse in the availability of physicians and other health care professionals statewide, particularly in already strained HPSAs around the state.

Among its constituents, LPOC represents solo and small practices serving our state's diverse populations that have, and will, experience unpredictable increased costs due to inflation, workforce shortages, unknown costs of practice transformation and technology, and pent-up demand by those who have been previously uninsured.

LPOC urges the Health Care Affordability Board to consider the scope and breadth of potential to probably negative impact on increasing health care access to care which must be a core consideration to containing health care costs, generally.

The leadership and members of LPOC stand ready to work with you and the panoply of stakeholders before you on working toward health care affordability and rational cost containment aspirations.

If you have any questions regarding LPOC's positions, or need additional information which the organization might provide, please don't hesitate to call on us at (916) 701-8999, or contacting LPOC at https://www.latinxphysiciansofca.org/contact-us.

Respectfully submitted,

JOHN R. VALENCIA
Counsel

JRV:kmk

From: Lydia Sheridan
To: HCAI OHCA
Subject: Health care costs too much, Trust me I know
Date: Wednesday, March 6, 2024 1:46:13 PM

You don't often get email from [redacted] g. 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 $400 per month. I purchased health insurance that turned out to be a discount program. Who knows how little they'll cover of my recent hospital stay?

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,
Lydia Sheridan
[redacted]

United States

From:	Manny Katz
To:	HCAI OHCA
Subject:	Health care costs too much, Trust me I know
Date:	Wednesday, March 6, 2024 1:46:25 PM

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 $690 per month out of an income only from Social Security of $ 2200/mo. Most of this is for various forms of health care insurance which keeps increasing.

Additionally, there are sometimes unexpected costs arising from accidents or things not covered by Medicare and Medigap insurances, such as hearing loss devices or eyeglasses and lenses, and such.

This is unsustainable for average people like me. And each year premiums increase like for Medicare while the COL increases can't keep up with the actual increases each year.

What will happen to all of us if Trump gains the presidency and destroys traditional Medicare and privatizes Social Security? Disaster follows.

Give us a single payer health care system modeled after the best in the EU. Make California different and a real model for others.

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,
Manny Katz

United States

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.

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,
Margaret M. Hannon
Board Director
Ridgecrest Regional Hospital

From: Margarita Sandoval
To: HCAI OHCA
Subject: Health care costs too much, Trust me I know
Date: Wednesday, March 6, 2024 7:46:23 AM

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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 $400 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,
Margarita Sandoval
[redacted]

United States

From: [redacted] on behalf of Marguerite Casillas
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Tuesday, February 27, 2024 9:13:41 AM

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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 have been living with multiple sclerosis (MS) since 2003. MS is a chronic, unpredictable disease, and it is expensive—the cost of my medication is over $95k per year, and I need to see multiple specialists regularly.

In 2022 I left my job to help take care of my mom, who has dementia from Parkinson’s disease. I wanted to be sure to have access to my neurologist who has treated me for 20 years, so I chose to join my employer’s retiree health plan. My insurance premiums jumped from $150 to $1,100 per month, and I now have a $5,500 yearly out of pocket max. I am living off my savings right now, and so I am watching every dollar. I rely on a medication assistance program to pay for my MS medication, otherwise I would have to pay that entire $5,500 out of pocket max all at once. Even with that help, I have on occasion decided to delay taking my twice-monthly MS medication so that the prescription will last longer, because I am afraid of running out of support from the assistance program. I have also delayed seeking treatment for non-urgent issues, such as my periodic MRI to monitor the progression of my MS, and vision care to monitor the effect of my MS on my optic nerve, because I have to pay for the entire cost of that care.

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. Marguerite Casillas
[redacted]
[redacted]

From: on behalf of Marguerite Casillas
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Monday, February 12, 2024 1:15:36 PM

[You don't often get email from c . 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,

At the OHCA Board Meeting last October, I shared my story with you about leaving my job to care for my mom, who has Parkinson's disease, leading to my health insurance premiums skyrocketing from $150 per month to $1,100 per month. I also now have a $5,000 deductible. I have multiple sclerosis (MS), which means I need to see medical specialists regularly and I take expensive medication twice a month. Because of the financial pressure, I have on occasion decided to delay taking my MS medication so that the prescription will last longer, and I have also delayed seeking treatment for non-urgent issues, such as my periodic MRI to monitor the progression of my MS, and vision care to monitor the effect of my MS on my optic nerve.

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. Marguerite Casillas

1400 East Church St.
Santa Maria, CA 93454
direct: 805.739.3000
fax: 805.739.3060

Dignity Health
Marian Regional Medical Center

March 6, 2024

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

Submitted via email to OHCA@hcai.ca.gov

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

Dear Dr. Ghaly:

Marian Regional 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.**

Marian Regional Medical Center and Dignity Health's 30 other hospitals in California are the largest providers 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 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, based solely on the historical growth in household income, is overly narrow and fails to account for myriad factors that impact health care spending. A target *must* consider and reflect certain known factors to be credible. These factors include: inflation; demographic factors like 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 Marian Regional 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. Marian Regional Medical Center operates many services at a loss. These services 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,

Heidi Summers

Heidi Summers
Senior Director Mission Integration
Marian Regional Medical Center

From: [redacted] on behalf of Marie Lemay
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Wednesday, February 14, 2024 11:50:54 AM

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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.

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. Marie Lemay

From: [redacted] on behalf of Marilyn Cleveland
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Saturday, March 9, 2024 2:01:25 PM

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CAUTION: This email originated from outside of the organization.

Dear Office of Health Care Affordability Board,

I am in my seventies and learning of catastrophic health care expenses impacting family, friends and acquaintances.
I am also experiencing and observing the impact of the fear of such expenses, whether or not the expenses actually materialize.
I am aware of friends who do not turn on the heat in their homes, even during the coldest part of winter, because every penny is going to support other family members who need round the clock or institutional care or their own medical care, persons who live without a refrigerator for the same reason, and persons who have fallen at home and lay unable to move for days because they could not afford, or believed they could not afford, medical support.
I am also aware of adult children of friends having their lives turned upside down to provide round the clock care because of the cost of obtaining such care in any other way.
Like others, the worry about the potential of cataastrophic health care expenses impacts my choices, and those of my family, at this stage of my life.

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. Marilyn Cleveland
[redacted]

From: on behalf of Mark Cappetta
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Monday, February 12, 2024 1:41:34 PM

[You don't often get email from 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,
Mr. Mark Cappetta

From: [redacted] on behalf of Mark Giordani
To: HCAI OHCA
Subject: Public Comment on Initially Proposed OHCA Statewide Spending Target Recommendations
Date: Monday, February 12, 2024 7:24:53 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,

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,
Mr. Mark Giordani
[redacted]