



Office of Health Care Affordability  
Department of Health Care Access and Information

# Update to Draft Motions Presented

April 2025 Health Care Affordability Board Meeting



Department of Health Care  
Access and Information

The following slides depict the motion discussed and drafted during the Health Care Affordability Board meeting on April 22, 2025.

The Health Care Affordability Board voted unanimously to pass this motion.



# Draft Motion 3 to Define High-Cost Hospitals and Adjust Target Values

1. Annually set the hospital sector spending target equal to the statewide spending target;
2. Identify Community Hospital of the Monterey Peninsula, Doctors Medical Center- Modesto, Dominican Hospital, Marshall Medical Center, Northbay Medical Center, Salinas Valley Memorial Hospital, Stanford Health Care, Santa Barbara Cottage Hospital, and Washington Hospital- Fremont as high-cost hospitals as they are above the 85<sup>th</sup> percentile for three out of five years from 2018-2022 on Commercial Inpatient NPR per CMAD and Commercial to Medicare PTCR, are above the 30<sup>th</sup> percentile in annual discharges, have a payer mix threshold of 5%, and have comparable financial data in the HCAI Hospital Annual Disclosure Reports;
3. Exclude high-cost hospitals that have decreasing values for two consecutive years on the Commercial Inpatient NPR per CMAD and Commercial to Medicare PTCR measures, which results in the hospital falling below the 85<sup>th</sup> percentile in 2022, (therefore, Marshall Medical Center and Northbay Medical Center are excluded); and
4. Adjust the spending target value for high-cost hospitals by dividing the statewide spending target by the average of the high-cost facilities' cost relativity values on Inpatient NPR per CMAD and Commercial to Medicare PTCR which equates to 1.8% in 2026, 1.7% in 2027 and 2028, and 1.6% in 2029.
5. Annually the Office shall provide the Board with an updated list of hospitals which meet the above criteria as high-cost and an updated list of factors to be considered in identifying high-cost hospitals.



# Draft Motion 3: Adjusting the Target Values for the 7 Identified High-Cost Hospitals

Weighted Average Commercial Inpatient NPR per CMAD of High-Cost Hospitals (A)	Weighted Avg Commercial Inpatient NPR per CMAD All Other Hospitals (B)	Commercial Inpatient NPR Per CMAD Cost Relativity (C)=(A/B)	Combined Cost Relativity (G)=(C+F)/2	Statewide Spending Target for each performance year (H)		Recommended High-Cost Target Values by performance year (I)=(H/G)
\$40,400	\$20,300	2.0	1.9	2026	3.5%	1.8%
Weighted Average Commercial to Medicare Payment to Cost Ratio(PCTR) of High-Cost Hospitals (D)	Weighted Average Commercial to Medicare PTCR All Other Hospitals (E)	PTCR Cost Relativity (F)=(D/E)		2027 & 2028	3.2%	1.7%
351%	198%	1.8		2029	3.0%	1.6%



# Draft Motion 3: Target Values for High-Cost Hospitals

Hospital*	2026	2027	2028	2029
Community Hospital of The Monterey Peninsula	1.8%	1.7%	1.7%	1.6%
Doctors Medical Center – Modesto	1.8%	1.7%	1.7%	1.6%
Dominican Hospital	1.8%	1.7%	1.7%	1.6%
Salinas Valley Memorial Hospital	1.8%	1.7%	1.7%	1.6%
Santa Barbara Cottage Hospital	1.8%	1.7%	1.7%	1.6%
Stanford Health Care	1.8%	1.7%	1.7%	1.6%
Washington Hospital – Fremont	1.8%	1.7%	1.7%	1.6%

\*All other hospitals in the sector and health care entities are subject to the [statewide spending target](#).