



May 5, 2025

The Honorable Buffy Wicks  
Chair, Assembly Appropriations Committee  
1020 N Street, Room 8220  
Sacramento, CA 95814

**SUBJECT: AB 1415 (Bonta) – OPPOSE**

Dear Assemblymember Wicks,

Californians deserve a more accessible, affordable, and equitable health care system. Making this vision a reality is the goal of all California hospitals and requires collaboration among stakeholders, including providers, payers, drug manufacturers, health care workers, and government officials. The Office of Health Care Affordability (OHCA) has a historic opportunity to transform health care delivery in California, but it has moved swiftly, without careful deliberation and engagement on how its actions will negatively impact hospitals' ability to sustainably promote affordable, high-quality, and equitable care. Assembly Bill (AB) 1415 would expand OHCA's authority to continue its pursuit of deep, fast, and inequitable cuts to health care spending growth. **This is why the California Hospital Association (CHA), on behalf of more than 400 hospitals and health systems, opposes AB 1415.**

Since its creation in 2022, OHCA has set a five-year statewide cap on annual health care spending growth starting at 3.5% in 2025 and ramping down to 3% by 2029. Rather than evaluating how organizations are performing against the statewide cap, as authorized under state law, OHCA moved immediately to targeting just one group of providers — hospitals — and imposed an even lower spending cap of 1.8% beginning in 2026, dropping to 1.6% by 2029 on seven hospitals statewide, including a safety-net hospital for which 7 out of every 8 patients are on Medi-Cal or Medicare and two hospitals that are losing money every day on patient care. OHCA's reduced hospital sector spending cap does not account for costs increases, with labor, medical supplies, and drugs currently growing annually at 6%, 8%, and 10%, respectively, and inflation growing at 5.3% based on the most recent data from the Legislative Analyst's office. The increases in costs, coupled with the imposition of the low spending cap will force affected hospitals to consider service line cuts, shed staff, or scale back on investments intended to improve the health of their communities. These actions come at a time when the federal government has imposed the steepest tariffs in a century and is considering \$880 billion in cuts for the health care delivery system, which could endanger California's entire system of care and lock in health care inequities for decades to come.

Assembly Bill (AB) 1415 would expand OHCA's authority by including hospital and health systems in the definition of health care providers, allowing OHCA to target hospital and health systems with punitive

spending caps that diminish access to high-quality care and boost health insurance company profits — without producing any tangible savings for patients. All hospitals and health systems, no matter how small, could be impacted, as AB 1415’s language would allow OHCA to target an independent rural hospital that partners with a single rural health clinic with unattainable spending caps. This proposed expansion of OHCA’s enforcement power is premature, as the office has not produced an analysis detailing the consequences of the statewide 3.5% spending cap or the recently approved 1.8% hospital sector target and has yet to develop enforcement policies or even informed hospitals on how it will measure hospital spending.

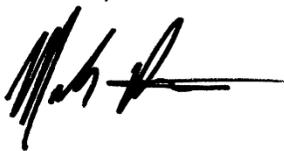
In addition, AB 1415 would expand OHCA’s ability to slow down and potentially derail health care partnerships and investments that are essential in saving distressed providers and making progress toward the state’s goal of providing clinically integrated whole-person care. AB 1415 further sends mixed messages to health care providers, who are encouraged by OHCA to find significant efficiencies but not through economies of scale or clinical partnerships.

**At the same time as the state faces billions of dollars in cuts to balance its own budget, the requirements of AB 1415 would increase state costs by more than a million dollars annually.** OHCA would need to hire additional staff to perform new and increased responsibilities of collecting and assessing data from health systems and management services organizations, as well as assessing increased health care transactions from private equity and hedge funds.

Thoughtful deliberation, analyses, and engagement are needed before OHCA is granted greater authority to impose spending caps that affect patients’ access to high-quality care. Creating a more affordable care system requires careful understanding of the cost drivers; improved collaboration between payers, providers, and policymakers; and investments to improve access to preventive care. AB 1415 empowers OHCA to continue pursuing drastic, fast-paced, and inequitable cuts to health care spending growth that would have potentially devastating consequences for California patients.

For these reasons, **CHA requests your “NO” vote on AB 1415.**

Sincerely,



Mark Farouk  
Vice President, State Advocacy

cc: The Honorable Corey Jackson  
The Honorable Members of the Assembly Appropriations Committee  
Allegra Kim, Consultant, Assembly Appropriations Committee  
Justin Boman, Consultant, Assembly Republican Caucus