

May 9, 2025

Position: **Vote NO on AB 1415**

To: The Honorable Members of the California State Assembly

From: Mark Farouk, Vice President, State Advocacy

AB 1415 (Bonta) – Oppose

The Office of Health Care Affordability (OHCA) has a historic opportunity to transform health care delivery in California, **but a spending target below inflationary rates will negatively affect hospitals' ability to deliver 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. This is why the California Hospital Association (CHA), on behalf of more than 400 hospitals and health systems, opposes AB 1415:

- OHCA has established below-inflation health care spending caps that will result in significant health care cuts and jeopardize patients' access to care. AB 1415 will allow OHCA to implement additional cuts on providers that are already subject to a 3.5% spending target (that will go down to 3% in just a couple of years). Already these targets do not account for basic inflation and cost increases, such as minimum wage and investments needed to comply with the state's seismic rules.
- OHCA has not provided the Legislature with a report on its progress in meeting affordability goals to date. The report required by statute will not arrive until 2027. Expanding OHCA's authority prior to analysis of the statewide 3.5% spending target and the recently approved 1.8% hospital sector target — along with their impact on access to care, health equity, and more — is premature.
- OHCA has not reconciled how health care providers will continue to provide services under lower-than-inflation caps, combined with expected deep federal cuts to Medicaid (Medi-Cal), and whether the savings generated under the target will in any way be passed on as lower health insurance premiums to consumers.
- OHCA rejected requests to include OB/GYN services in its goals for expanded primary care investment, ignoring a key factor in maintaining maternity care.

AB 1415 would expand the authority of an entity created just three years ago and allow them to impose even deeper cuts on health care in California while preventing health care organizations from partnering for the benefit of patients.

For these reasons, CHA urges your NO vote on AB 1415.