



April 1, 2025

The Honorable Mia Bonta
Chair, Assembly Health Committee
1020 N St., Room 390
Sacramento, CA 95814

SUBJECT: AB 1415 (Bonta) – OPPOSE

Dear Assemblymember Bonta:

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. Innovation and partnership are necessary to spread the best clinical, organizational, and financing practices to ensure patients receive the highest value of care. Critically, cost containment must be balanced with protecting access, quality, and equity while ensuring a sustainable health care work force.

Unfortunately, Assembly Bill (AB) 1415 would undermine progress toward California’s goals for its health care system by empowering a relatively new agency — the Office of Health Care Affordability (OHCA) — to continue to pursue deep, fast, and inequitable cuts to health care spending growth without adequate consideration of the consequences for patients. **That’s why the California Hospital Association (CHA), on behalf of more than 400 hospitals and health systems, opposes AB 1415.**

OHCA was created in 2022 with the goal of “improving affordability, access, and equity of health care for Californians” (Health & Safety Code Section 127500.5(b)). Since its creation, OHCA has moved at a hastened pace, most significantly by setting a five-year statewide cap on annual health care spending growth starting at 3.5% this past year and ramping down to 3% by 2029. Rather than evaluating how organizations are performing against the statewide cap, as authorized under state law, OHCA then moved immediately to targeting just one group of providers — hospitals — with even stricter spending caps. As AB 1415 is being considered, OHCA is deliberating about whether to impose spending growth restrictions of 1.8% and lower on nearly a dozen hospitals across the state, including two rural hospitals, two safety-net hospitals, and four hospitals that are losing money every day on patient care.

With labor, medical supplies, and drugs currently growing annually at 6%, 8%, and 10%, respectively, a 1.8% cap in the current elevated inflationary environment will force affected hospitals to consider service line cuts, shed staff, or scale back on investments intended to improve the health of their communities. Troublingly, OHCA is rushing to act without analyzing how its decisions will impact patients’ access to high-quality, equitable care. What’s more, these actions are being taken just as the federal government considers unprecedented reductions in federal health care funding that could endanger California’s entire system of care and lock in health care inequities for decades to come.

AB 1415 would enable OHCA to single out additional organizations for inequitable treatment by expanding the definition of health care providers to include hospital and health systems. The outcome would be an immediate targeting of 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. This proposed expansion of OHCA’s enforcement power is premature, as the office has not produced an analysis detailing the consequences of the existing 3.5% spending caps or the proposed 1.8% hospital sector target.

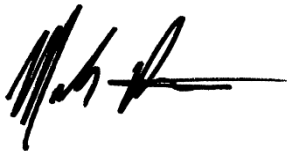
All hospitals and health systems, no matter how small, could be impacted, as AB 1415’s language would allow OHCA to target an individual rural hospital that partners with a single rural health clinic with unattainable spending caps. To date, OHCA has sought especially aggressive spending targets for a group of primarily small, rural, independent, and financially troubled hospitals.

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.

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 Members of the Assembly Health Committee
Lisa Murawski, Consultant, Assembly Health Committee
Justin Boman, Consultant, Assembly Republican Caucus