



July 10, 2025

The Honorable Anna Caballero
Chair, Senate Appropriations Committee
1021 O Street, Room 7620
Sacramento, CA 95814

SUBJECT: AB 1415 (Bonta) – OPPOSE UNLESS AMENDED

Dear Senator Caballero:

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 partnerships are necessary to advance the best clinical, organizational, and financing practices to ensure patients receive high-quality, high-value care. In 2022, the Legislature created the Office of Health Care Affordability (OHCA) to promote these shared objectives. Three years into implementation, it has become increasingly clear that OHCA's efforts to contain costs must be balanced with protecting access, quality, and equity while ensuring a sustainable health care workforce.

The California Hospital Association (CHA), on behalf of nearly 400 hospitals and health systems, appreciates the ongoing dialogue and engagement with the Legislature on Assembly Bill (AB) 1415. By no longer adding health systems as regulated entities, the bill is significantly improved. **However, further changes to AB 1415 are needed to ensure health systems are not inadvertently included in other bill provisions, align specified definitions more closely with other pending legislation, and support health care partnerships and investments that are essential to save distressed providers.** As such, CHA is opposed to AB 1415 unless amended to include the following changes.

1. Clarify definitions of hedge fund, private equity group, and management services organization (MSO).

AB 1415 would require that additional entities — hedge funds, private equity groups, and MSOs — notify OHCA of intended market transactions involving health care organizations, and would subject those entities to transaction reviews potentially lasting eight months or longer. The bill adds new definitions of these types of entities, but the definitions do not align with those in other, related legislation (Senate Bill [SB] 351) or with prior changes to the bill that exclude health systems. These definitions should be altered to align with not only the definitions in SB 351, but also the changes to exclude health systems — including for management services organizations, as these entities often perform MSO functions on behalf of their member hospitals.

2. Remove the requirement that a non-operating hospital be a “noticing entity” subject to OHCA’s transaction review process.

The bill would extend OHCA's review process to situations in which new organizations reopen hospitals (or other health care providers) that previously closed their doors due to financial distress, such as Madera Community Hospital. Subjecting such situations to OHCA's extensive review process would create delays and uncertainty, make the transaction intended to reopen a closed hospital less attractive to potential new owners and operators, and ultimately increase the chance that a recently closed hospital stays closed.

For these reasons, CHA must respectfully oppose AB 1415 unless amended. To that end, a draft of suggested amendments is attached, and CHA remains committed to continuing work with the author to find common ground.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Farouk', with a long horizontal flourish extending to the right.

Mark Farouk,
Vice President, State Advocacy

cc: The Honorable Mia Bonta
The Honorable Members of the Senate Appropriations Committee
Agnes Lee, Consultant, Senate Appropriations Committee
Tim Conaghan and Joe Parra, Health Policy Consultants, Senate Republican Caucus