CHA | California Hospital Association

Talking Points

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Lawmakers Must Protect Patient Care Resources, Reject Premature Expansion of OHCA Oversight

Assembly Bill (AB) 1415 (Bonta, D-Oakland) would expand the Office of Health Care Affordability's (OHCA's) authority to oversee health system spending and additional types of market transactions. The bill would expand "health care entities" to include health systems and increase OHCA's market oversight, allowing it to oversee transactions, including private equity groups, management services organizations, and other entities that own or operate a provider.

AB 1415 doubles down on harmful OHCA policies, expanding their application far beyond lawmakers' original intent.

- If enacted, this bill would make health systems subject to the statewide spending cap — a cap that is a mere fraction of California's inflation rate and would hamstring systems' ability to provide patient care. Patients are already losing access to their health care providers due to OHCA spending caps.
- This bill expands the authority of an agency that has shown no interest in the negative consequences of its decisions and instead has rushed its rulemaking, imposing spending limits before analyzing data or even telling providers how to comply with its mandates.
- The bill undermines critical lifelines for hospitals, some of which would be forced to close if not for the support made possible by health care partnerships and investments.

Claims that the bill only allows greater data collection but does not expand OHCA's enforcement authority are deliberately misleading.

- The bill would automatically apply next year's enforceable statewide spending caps to systems without any additional action needed from the OHCA board. Applying these spending caps beyond the scope for which they were originally intended — and doing so with zero consideration of the impact — will harm patients.
- Together, the bill's proposed changes would create greater challenges for health care providers and simultaneously limit the means by which they can remain afloat.

Changes of this magnitude should be the last thing considered, given hospitals' already uncertain future.

- Federal lawmakers are considering hundreds of billions of dollars in cuts to Medicaid, which would push hospitals that are already in very precarious financial positions to the brink.
- California's budget challenges only fan the flames, with a May budget revision proposal that would swipe $1.6 billion from funding dedicated to health care organizations through Proposition 35 (2024) to backfill the state's $12 billion deficit.
- OHCA's rules exacerbate the harms of these federal and state financing decisions. Collectively, these policies are a direct assault on hospitals' ability to provide the care patients need. With so many threats impacting the hospital field, lawmakers must reject any proposals that further erode patients' access to care.