

May 20, 2024

CHA Position: **Vote NO on AB 3129**

To: The Honorable Members of the California State Assembly

From: Meghan Loper, Consulting Lobbyist, California Hospital Association

Re: AB 3129 (Wood)

Californians deserve greater access to health care services, requiring ongoing investment to preserve and expand care. Assembly Bill (AB) 3129 (Wood, D-Healdsburg) would disincentivize critical investments, reducing access and the number of investors in California's health care delivery system. **The California Hospital Association, on behalf of more than 400 hospitals and health systems, opposes AB 3129.**

- **Investment in health care should be encouraged, not restricted.** Nearly half of California's hospitals lose money caring for patients every day. The state should encourage investment in California's fragile health care delivery system rather than further destabilize it. **This bill creates barriers to new investment when exactly the opposite is needed.**
- **Partnerships have led to an expansion of services for patients.** In recent years, several California hospitals have partnered with private entities to bring patient services online. As a result, additional inpatient rehabilitation hospital services have expanded in communities including Sacramento, Irvine, Escondido, and Century City.
- **The existing DOJ review process should be improved not expanded.** Hospital transactions require thousands of hours of work from legal, financial, operational, and clinical experts. California hospitals report receiving bills from the Department of Justice (DOJ) in the hundreds of thousands of dollars per transaction and undergoing reviews that take nearly a year or more to complete. Such delays contribute to failed transactions and closures.
- **The standards for review are unclear.** Without clear standards, entities will struggle to determine whether DOJ approval is required and likely to be granted. AB 3129 lacks objective standards, delegating unchecked discretion to the DOJ, jeopardizing investment required to preserve vital services. California must compete with other states to attract investment, and AB 3129 will encourage investors to go elsewhere.
- **The definition of "private equity group" is too broad.** The bill adopts an extraordinarily broad definition of "private equity group." This bill would deem every investing entity to be a private equity group, including those that are not such entities, like a nonprofit hospital, physician group, bank, or mutual fund.

For these reasons, CHA urges your NO vote on AB 3129