

On Health Care Affordability, Solutions Require Partnership, Not Scapegoating

The recent *CalMatters* commentary, “Hospitals’ opaque pricing is crushing California’s small businesses,” calls attention to the affordability challenges that everyone in health care acknowledges must be addressed. But rather than building toward a real solution, it makes the tired and unhelpful choice of pointing the finger at a single set of providers that serve Californians in their most vulnerable moments.

Health insurance companies — not hospitals — decide what small businesses and their employees pay in premiums, deductibles, and copays, and they do so based on what is best for their bottom lines. In 2024 alone, seven national insurers collectively raked in an **astounding \$34.1 billion** in net profit. Despite these shocking profits, insurers raised premiums on working Californians by 8% in 2025, then did it again in 2026. Hospitals, by contrast, operate on razor-thin margins, with 44% losing money caring for patients every single day. Last year, hospitals were forced to shed over 3,400 workers, cut service lines like labor and delivery and pediatrics, and in one instance, a community lost its hospital entirely. Federal and state cuts already threaten the viability of dozens more hospitals, jeopardizing irreplaceable community anchors, trauma centers, and emergency responders.

Any conversation about affordability must begin with the facts:

- The op-ed suggests hospitals’ “pricing abuse” drives up costs, but in reality the cost of hospital care is driven by forces outside hospitals’ control. Hospitals must invest to meet stringent seismic building standards, absorb skyrocketing labor and supply costs, and care for patients covered by Medi-Cal and Medicare — which reimburse far below actual costs — along with increasing numbers of Californians who, unfortunately, have no coverage at all. When a premature infant needs a neonatal ICU, when a stroke patient arrives at 2 a.m., or when a wildfire sends dozens to the ED, hospitals turn no one away. That readiness is resource-intensive, but it saves lives. Commercial insurance payments help cover these costs because the system chronically underfunds essential care.
- The op-ed also criticizes hospitals for a lack of transparency, despite the fact that hospitals are required by law to publish thousands of negotiated rates and offer online tools to help patients estimate out-of-pocket costs.
- Facility fees, another target, are not arbitrary surcharges. They reflect the added cost of care in a hospital, the most complex, resource-intensive, and tightly regulated setting.
- Integration among hospitals also deserves context. Smaller hospitals — especially in low-income regions — face severe financial challenges without the help of a larger system’s resources. Contracting with insurance companies is like David facing Goliath — a 25-bed, independent hospital against a national insurance corporation with hundreds of billions of dollars in annual revenues, armies of lawyers, and often a monopoly within the local insurance market. The playing field is anything but even.

Unlike the corporations that provide health insurance, hospitals are far more than what shows up on a balance sheet. They are the places where babies are born, cancers are treated, hearts beat again, and those with mental health and substance use disorders get critical services. They support hundreds of thousands of jobs and sustain local economies. When a hospital closes, the patient impact is devastating: farther travel for care, longer wait times, and worse outcomes. That's why, when choosing between spending more for health care or reducing access, Californians choose time and again to have care available when they need it — 24 hours a day, 365 days a year.

Undermining hospitals will not reduce costs for California's workers and families. A sustainable solution requires honest conversations about the full ecosystem: insurance benefit design, pharmaceutical pricing, administrative complexity, workforce shortages, and chronic underfunding of public insurance programs.

Hospitals should be treated as essential partners — not scapegoats — in the effort to make care affordable.

Lives are saved every day in hospitals. They deserve thoughtful policy solutions that strengthen, rather than weaken, the care Californians rely on.

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