



California Legislature

April 30, 2025

Kim Johnson
Secretary, California Department of Health and Human Services Chair,
Health Care Affordability Board
2020 West El Camino Avenue Sacramento,
CA 95833

RE: Office of Health Care Affordability

Dear Secretary Johnson:

We, the undersigned members of the legislature, write to seek more information relating to the work of the Office of Health Care Affordability (OHCA). We share the goals of OHCA to improve the affordability of the health care system for all Californians as well as maintain access to high quality health care. As OHCA was created through legislative action in 2022 it is important that the legislature is provided information relating to the office's efforts to encourage affordability and how those efforts may be impacting our constituents.

In May of 2024, the OHCA board adopted a 3.5% statewide health care spending target that over time will scale down to 3.0% in 2029. It is our understanding that OHCA recently established a specific target of 1.8% for select hospitals, while all other health care payers and providers would be subject to the statewide target. The intended establishment of hospital- specific targets comes three years before the deadlines in state law.

- What analysis has been performed to demonstrate that the hospital sector targets under consideration meet the following statutory requirements?
 - “Promote a predictable and sustainable rate of change in per capita total health care expenditures.”
 - “Maintain quality and equitable care, including consideration of the impact on persons with disabilities and chronic illness.”
 - “Promote the stability of the health care workforce, including the development of the future workforce, such as graduate medical education teaching, training, apprenticeships, and research.”
 - “Minimize fragmentation and potential cost shifting and that encourages cooperation in meeting statewide and geographic region targets.”

- What further analysis has been conducted on how these targets will affect access to care, especially for vulnerable populations?

- Federal policy makers are considering proposals that could drastically cut funding for the Medicaid program and remove tens of billions of dollars in federal funding from California's health care system. How will OCHA ensure that severe cuts to the Medicaid system combined with OHCA's statewide spending growth target (3.5%) and lower hospital sector target (1.8%) will not lead to a fiscal crisis for California's health care providers resulting significant reductions in services and access?
- Has OHCA conducted an analysis of whether the multiyear statewide spending target is attainable and without unintended negative consequences? How is OHCA ensuring that lower sector targets on hospitals and other providers are being directly passed on to patients in the form of lower health insurance premiums?
- Has OHCA collected, analyzed, and reported comprehensive total health care expenditure data prior to identifying which sectors or individual health care entities to subject to a lower sector-specific spending target? If not, which sectors and data sources have been extensively analyzed?
- Did OHCA finalize its approach for measuring hospital spending prior to proposing hospital sector targets and identifying which hospitals to potentially subject to lower spending targets?
- What factors has OHCA analyzed as drivers of health care spending and its growth? How has this analysis informed its sector target proposals?

We support the objectives and goals of OCHA to increase affordability and maintaining access to the highest quality care for our constituents. By maintaining a shared vision and adopting a transparent, collaborative approach, we can effect meaningful change within the state's health care framework—ensuring that all Californians benefit from an affordable, sustainable, and high- quality health care system.

We appreciate your attention to this matter and look forward to your response.

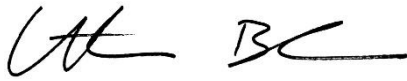
Sincerely,



Senator Akilah Weber Pierson, M.D.
Senate District 39



Senator Laura Richardson
Senate District 35



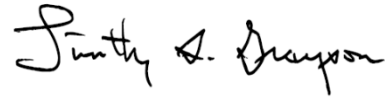
Senator Catherine Blakespear
Senate District 38



Assemblymember Gregg Hart
Assembly District 37



Assemblymember Lori Wilson
Assembly District 11



Senator Tim Grayson
Senate District 9



Assemblymember LaShae Sharp-Collins
Assembly District 79



Senator Monique Limón
Senate District 21



Assemblymember Rhodesia Ransom
Assembly District 13



Assemblymember Esmeralda Soria
Assembly District 27



Assemblymember Dawn Addis
Assembly District 30