April XX, 2025

Megan Brubaker

Office of Health Care Affordability

2020 W El Camino Ave., Suite 1200

Sacramento, CA 95833

**Subject:** **[Insert hospital name] Opposes Proposed Hospital Sector Spending Target Recommendations**

*(Submitted via email to OHCA@HCAI.ca.gov)*

Dear Megan:

* **Share your appreciation for the opportunity to provide feedback on the current proposal**
* **Explain a bit about your hospital – your payer mix, your patient demographics, and the services you provide in your community — you are writing this letter because the people you serve are at risk**
* **Illustrate why OHCA’s unrealistically low statewide spending growth target of 3.5% is problematic (choose the most relevant points and tailor to your organization):**
	+ *How fast are your costs currently growing across different categories (labor, drugs, supplies, purchased services)?*
	+ *How much are your costs growing to comply with state mandates (e.g., health care worker minimum wage and seismic requirements)?*
	+ *How have unsustainable operating margins, such as due to the pressures of the COVID-19 pandemic, challenged and threatened your organization’s viability? Why are higher revenues necessary to return your organization to sustainability?*
* **Share the impacts the 3%-3.5% spending target will have on your organization:**
	+ *What investments were you planning that you would have to reconsider?*
	+ *What service lines are vulnerable for reduction or elimination?*
	+ *How will the target impact your ability to recruit and retain a highly skilled workforce?*
	+ *What will the above potential impacts mean for your patients?*
* **How does OHCA’s methodology for identifying high-cost hospitals concern you?**
	+ *Why does your hospital face high Medicare losses? Are there reasons your Medicare payments may be lower than other hospitals?*
		- *If applicable, share factors (e.g., area wage index, caps on GME funding, challenges obtaining payments from Medicare Advantage plans, etc.) that may cause your Medicare payments to be lower than those of other hospitals, particularly if these result from flaws in Medicare payment policies.*
		- *Provide greater detail on your payer mix.*
		- *If possible, quantify the government payer shortfall you experience.*
		- *Explain how this shortfall impacts your overall operations – are you forced to shift costs or reduce services to compensate?*
		- *Talk about* ***why*** *it is important to compensate for the shortfall – what other care resources, if any, do these vulnerable populations have?*
	+ *Are operating costs higher in your geographic region than others? Do Medi-Cal and Medicare cover these higher costs?*
	+ *How does your payer mix impact your financial health?*
	+ *How do commercial payments help you cover vital expenses? Examples include:*
		- *Attracting and retaining your workforce*
		- *Sustaining services that operate at a loss*
		- *Supporting needed clinical infrastructure in the community*
		- *Paying for medical supplies, drugs, and purchased services*
		- *Complying with state mandates*

*FOR SYSTEMS:*

* + *Share what being part of a system means for your organization. For example:*
		- *Do higher earning hospitals within your system enable you to continue providing service lines you may otherwise have had to close?*
		- *How else does your interconnectedness allow you to provide better patient care?*
		- *Are you able to share best practices across individual hospitals, enabling higher quality care?*
		- *Do patients have improved access to care thanks to your larger networks of providers?*
* **Briefly reiterate your most compelling points. Connect the dots between an unachievably low statewide target and an even lower sector-specific target; if the former is going to impede patient care, the latter will only compound the problem. Explicitly ask OHCA to delay implementation of a hospital sector target until a thorough analysis of the impact on patient care can be conducted.**

Sincerely,

NAME

TITLE

ORGANIZATION

cc: Members of the Health Care Affordability Board:

David M. Carlisle, MD, PhD

Dr. Sandra Hernández

Dr. Richard Kronick

Ian Lewis

Elizabeth Mitchell

Donald B. Moulds, Ph.D.

Dr. Richard Pan

Elizabeth Landsberg, Director, Department of Health Care Access and Information

Vishaal Pegany, Deputy Director, Office of Health Care Affordability

Darci Delgado, Assistant Secretary, California Health and Human Services Agency

Richard Figueroa, Deputy Cabinet Secretary, Office of Governor Gavin Newsom

ADD YOUR LOCAL ASSEMBLYMEMBERS/SENATORS