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 XXXXXXX,

* **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 those people you serve are at risk**
* **Share what reducing your revenue growth to between 1.6% and 1.8% annually would mean:** 
  + *What service lines might you have to cut?*
  + *Would staff reductions be necessary given expected growth in labor costs?*
  + *What investments would have to be curtailed?*
  + *What would the impacts be on your patients?*
* **Illustrate factors OHCA’s approach fails to consider (choose the most relevant and tailor to your organization):**
  + *How does your geographic location impact costs?* 
    - *Are real estate costs higher than in other areas? (*[*Data source*](https://www.nar.realtor/research-and-statistics/housing-statistics/county-median-home-prices-and-monthly-mortgage-payment)*)*
    - *Are you in a high-cost metropolitan service area?*
    - *Do your labor costs exceed the statewide average? For example: The mean wage for registered nurses at our hospital is $XXX,XXX, which is XX% over the statewide average of $137,690 (*[*Data source*](https://www.bls.gov/oes/current/oes_ca.htm#29-0000)*)*
  + *How does your payer mix impact your financial health?*
    - *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?*
  + *How does your proportion of Medicare payments impact your hospital?*
    - *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.*
    - *If you have a high Medicare population, share how this measure would punish you for experiencing a shortfall due to inadequate Medicare payments.*
  + *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*
  + *How might the inclusion of outpatient services shift OHCA’s perception of your financial health?*
    - *Share the percentage of your services that fall under outpatient services (including ED visits or other non-emergency outpatient services).*
    - *Are your outpatient services significantly less profitable than inpatient? To what extent must your inpatient services subsidize your ability to provide outpatient services?*

*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. 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