



April 20, 2026

The Honorable Sabrina Cervantes  
Chair, Senate Appropriations Committee  
1021 O Street, Room 412  
Sacramento, CA 95814

**SUBJECT: SB 1037 (Weber Pierson) – As Amended April 7 – SUPPORT**

Dear Senator Cervantes:

For years, California’s employers and families have struggled under the weight of health insurance premiums that continue to climb, regardless of broader economic trends or shifts in the delivery of care. While the state is currently scrutinizing hospital price growth, the reality is that the inflation of insurance premiums has far outpaced the growth of hospital prices, emerging as the primary driver of the affordability crisis facing California consumers and employers. These escalating costs, often influenced by the financial motives of certain large for-profit national insurance conglomerates, create a significant affordability challenge for patients that warrants independent and heightened state scrutiny of health insurance premium growth.

**That is why, on behalf of nearly 400 hospitals and health systems committed to the health and financial well-being of all Californians, the California Hospital Association (CHA) is pleased to support your authored bill — Senate Bill (SB) 1037. This measure would provide a necessary and logical framework to ensure that the Office of Health Care Affordability (OHCA) and other state regulators can examine the root causes of excessive premium growth and instability.**

In California, family health insurance premiums have grown by 24% since 2022, nearly double the rate of general inflation and 10 times the annual growth rate of hospital prices nationally.<sup>1,2</sup> Even OHCA’s own analysis of health expenditures in California shows that insurance company administrative costs and profits ballooned more than 23% in 2023, while hospital spending grew less than 5% (inpatient hospital spending grew at an even lower rate, a mere 2.3%).<sup>3</sup> The data are clear: the biggest drivers of increased health care costs in California are insurance companies and pharmaceuticals. Without greater scrutiny of how insurance premiums are set, cost-containment efforts directed at hospitals will only result in higher margins for insurers, not lower costs for patients.

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<sup>1</sup> <https://www.kff.org/health-costs/2025-california-health-benefits-survey/>

<sup>2</sup> <https://www.aha.org/system/files/media/file/2026/03/Costs-of-Caring-2026.pdf>

<sup>3</sup> <https://hcai.ca.gov/wp-content/uploads/2025/06/Baseline-Report-Health-Care-Spending-Growth-Trends-in-California-2.pdf>

To address these documented cost pressures on families and employers, SB 1037 would advance several important objectives focused on consumer affordability:

- **Prioritize Enhanced Rate Review:** Would authorize a more rigorous review of insurance premiums to ensure that rate increases are justified and that cost-savings are passed directly to the consumer
- **Scrutinize Insurer Profits:** Would provide regulators with the necessary opportunity to scrutinize insurer profits in the context of evaluating the financial drivers of premiums, ensuring that corporate bottom lines are not being padded at the expense of affordable access to care
- **Target the True Driver of Costs:** Would address the disconnect between provider price growth and premium growth, directing regulatory focus to where consumers feel the greatest financial burden
- **Empower OHCA to Hold Insurers Accountable:** Would ensure that if the state's goal is truly to lower the cost of care, there is a mechanism to hold insurers accountable for their role in the health care affordability ecosystem

California hospitals see firsthand how the affordability gap created by high insurance premiums leads to deferred care and financial instability for the communities they serve. If the state is to be successful in its mission to make health care more accessible, it must look beyond only provider costs and apply meaningful oversight to the insurance industry.

For these reasons, **CHA respectfully requests your "AYE" vote on SB 1037.**

Sincerely,



Kalyn Dean  
Vice President, State Advocacy

cc: The Honorable Akilah Weber Pierson, MD  
The Honorable Members of the Senate Appropriations Committee  
Agnes Lee, Consultant, Senate Appropriations Committee  
Joe Parra, Health Policy Consultant, Senate Republican Caucus