

Talking Points

June 3, 2026

Urge Office of Health Care Affordability to Create Collaborative, Thoughtful Enforcement Process

The Office of Health Care Affordability's (OHCA's) spending target of 3.5% or lower is now in effect. OHCA has recommended an aggressive penalty structure to which changes are critically needed.

The enforcement process established by the Office of Health Care Affordability (OHCA) must improve affordability while protecting access to care. To do that, OHCA must:

- **Inform hospitals how their spending growth will be assessed against the target** and clarify how payer and service mix will be considered.
- **Base the determination of a violation on multiple years of data** to avoid the volatility of year-over-year spending swings; only multiyear assessment can reliably distinguish hospitals that genuinely exceeded their targets.
- **Standardize the process for explaining growth above the target**, as established under the statutory waiver process.
- **Establish a collaborative performance improvement process** that gives hospitals a real opportunity to improve before fines are levied.
- **Phase in penalty amounts and account for essential circumstantial factors**, like investments in patient-centered care or a hospital's financial condition.

Instead, OHCA is seeking massive penalties that won't make care more affordable — they'll simply undermine the entire system of care.

- A single year of exceeding the target could trigger penalties in the tens or hundreds of millions of dollars — more than many hospitals even earn from patient care.
- For <hospital name>, a penalty of that magnitude would mean: [share how your organization might attempt to absorb multi-million-dollar fines, if even possible].
- Thoughtful enforcement that relies on collaboration between OHCA and hospitals is the only way to ensure that patients' access to care is not diminished as hospitals navigate performance improvement.
- The One Big Beautiful Bill Act is the largest health care cut in American history. OHCA must act now to protect access to care, including how it enforces the spending targets.

The current enforcement process is not sustainable and sets hospitals up to fail through unclear measurement processes, overly broad "violation" criteria, and financially crippling fines.

- Halfway through the first enforcement year, hospitals have little clarity on how their performance will be measured. The methodology is not yet validated, the data are incomplete, and the rules are not codified.
- What's more, OHCA's approach of enforcing separately across every payer and service line sets up six separate ways to violate the target. The result: Using OHCA's own data, 92% of hospitals would have been in violation in 2023.
- This is hardly the foundation upon which to base exorbitant fines, and yet that's exactly the path OHCA has pursued.