

CHA Key Messages

Hospitals Ready to Help Make Health Care More Affordable, Accessible for Californians

- 1. As a pillar of California’s health care system, hospitals play a critical role in making health care more affordable for consumers.**
 - The system, in its current form, isn’t working for everyone. Bills are complicated and expensive, plans are difficult to navigate, and there are barriers in access to care — especially for specialty services.
 - Reforming this system so every Californian has access to high-quality, affordable care is a priority for hospitals, and should be a priority for our entire health care system. Insurance companies, pharmaceutical companies, doctors, government agencies, labor unions, and others have a duty to strive for this goal.
 - Hospitals support the concept of an independent, governmental entity, comprised of experts, to monitor health care cost trends and make recommendations to the Legislature to moderate the rate of growth in health care spending and encourage innovation. This body would collect data and analyze the health care system’s cost drivers including input costs (drugs, labor, technology, government regulations), providers (doctors, nurses, hospitals, nursing homes), insurance plans (commercial, Medi-Cal, Medicare), and others.
- 2. Two key factors drive up health care costs to the point where Californians struggle to afford these services: massive growth in labor costs and a lack of accountability for big insurance companies.**
 - Labor costs make up nearly 60% of hospital expenses, and hospitals’ total workforce expenses have spiked 62% over the past decade.
 - Insurance companies, currently pocketing record profits with record margins due to the pandemic, are simply not using their vast resources to reduce monthly premiums, offer broader care networks, or reduce cost-sharing.
- 3. Hospitals — families’ front line and safety-net care providers — are doing what they can to drive costs down, but providers can’t make headway alone.**
 - Hospital care in California is efficient – as a share of health care spending, hospital care is down about 10% over the past 30 years, to about 32% of total health spending.
 - Per capita hospital costs in California are more than 5% less than the national average, despite the fact that California has the third-highest cost of living in the country.