

CHA Key Messages

Hospitals Oppose Bill That Would Impede Access to Care by Giving Attorney General New Authority Over Hospital Transactions

- **Senate Bill (SB) 977 would require hospital systems to get the California attorney general's (AG) approval before entering into an affiliation, agreement, partnership, joint venture, or other arrangement with another hospital/system, clinic, ambulatory surgery center, treatment center, laboratory, or physician office.**
 - There are virtually no “guardrails,” clear processes, or opportunities for appeal — giving arbitrary and total discretion to the AG over these transactions.
 - The bill also creates broad new presumptions of anticompetitive behavior, increasing litigation against hospitals and allowing the AG to impose fines and break up existing arrangements.
 - The AG already has broad authority to review the sales of nonprofit hospitals, in addition to enforcing existing and robust antitrust laws.
- **SB 977 would create a highly political and bureaucratic system, disrupting arrangements that improve access to care and clinical outcomes — including the essential functions of hospital systems, medical foundations, and joint ventures among hospitals and other providers.**
 - An uncertain and political process will deter and halt these important transactions.
 - The bill creates a presumption that these transactions are anticompetitive and places the burden of proof on hospitals without due process. This effectively creates a “guilty until proven innocent” -system. There is no oversight of the AG’s decisions and virtually no ability to appeal.
 - Sales, affiliations, and other arrangements between providers are complex and expensive, requiring a significant investment of time and resources from legal, financial, operational, and clinical experts. Undertaking the process without some degree of certainty creates undue risk for hospitals.
- **Provide an example here of an existing arrangement(s) your system has, the benefit it provides to patients and your community, and how this process will disrupt it.**