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With the COVID Crisis Still Underway, State Lawmakers Must Say No to SB 977

By [CARMELA COYLE, CALIFORNIA HOSPITAL ASSOCIATION](#) June 18, 2020 09:20PM



It would be an understatement to say that 2020 has been anything short of devastating for so many. Our businesses and community institutions are no exception. Restaurants, movie theaters, retail stores and others have suffered from closures and lost business.

But for health care, and hospitals in particular, the circumstances are even worse.

Hospitals preemptively emptied beds, at the Governor's request, to make way for a potential torrent of COVID-19 patients. They cancelled surgeries and procedures and lost billions of dollars in revenue at the same time they ramped up spending for ventilators, ICU beds, protective equipment, and more. All of this means short-term losses of \$15 billion and long-term challenges to care for patients and communities.

And health care more broadly has suffered. There are physicians who cannot sustain the losses and whose offices may never reopen. Some dental practices are closing for good. Nursing homes filled with older, frail residents are on the verge of bankruptcy. Rural and inner-city communities whose hospital losses will prove to be too great to overcome, especially those that before the pandemic were operating in the red, are losing money on every patient they treat.

Now, more than ever, we may need to rely on health care partnerships and integrated delivery systems for help – partnerships and systems that can buoy financially challenged doctors, keep hospitals open that might otherwise shutter in rural communities and inner-city urban areas, and preserve access to care throughout California. Partnerships that have been shown to drive efficiency and keep costs down. And most recently, partnerships that demonstrate how systems of care are key to successfully addressing a global pandemic like COVID-19.

That's why it's so important that lawmakers now do the right thing by saying "No" to SB 977.

There is great concern over SB 977, proposed legislation that would give California's Attorney General unprecedented power and authority to prevent hospital and health care partnerships and business relationships.

Health care partnerships today come under the rigorous scrutiny of the Federal Trade Commission. And the Attorney General already has the authority to review sales of not-for-profit hospitals. This legislation would go well beyond federal regulation and existing state law, and expand the scope of the state Attorney General's authority over the affiliation or sale of hospitals, physician practices, ambulatory surgery centers, imaging centers, diagnostic centers, labs, and more.

This bill would give unprecedented decision-making authority to the Attorney General – and to him alone – to determine the accessibility and availability of care in California.

Where in that process is the voice of community, local elected officials, the California legislature, public health advocates, and voices for more equitable care? The bill would require the Attorney General to deny a health care partnership unless specific criteria are met. By adding another, virtually unchecked review of these partnerships, California will be a state unfriendly to integrated delivery systems and add cost and consequence to health care delivery.

Some believe that health care partnerships fuel cost growth and that by preventing partnerships and integrated care, this bill would result in lower health care costs. Not so. If passed, this bill will make it harder and more expensive for Californians to get the health care they need and deserve.

Health care providers across this state rely upon partnerships with physicians, hospitals and other health care providers to improve care for patients and ensure access to care in rural and underserved areas. SB 977 would reverse the progress made in California – a state that is home to national models of integrated health care emulated by others.

Prior to this pandemic, nearly 40 percent of California's hospitals operated in the red. At a time when many health care providers are literally on the financial edge and face an uncertain future, partnership must remain an option and we should smooth the path, not roll boulders in the way. Lawmakers must do everything within their power to ensure health care providers are available to care for their communities in all ways, every day.



On behalf of California hospitals, I urge legislators to vote no on SB 977.

Carmela Coyle is the President and CEO of the California Hospital Association



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