TEMPLATE LETTER – Please place on letterhead and add details specific to your organization

DATE, 2022

The Honorable Richard Pan, MD

Chair, Senate Health Committee

1021 O St., Room 3310

Sacramento, CA 95814

**SUBJECT:**  **AB 2080 (Wood) — OPPOSE**

Dear Senator Pan:

(Insert hospital name) opposes AB 2080, which would prohibit health care providers and payers from entering into preferred provider contracts and impose expensive, unpredictable, and unfair bureaucratic hurdles on health care providers and payers who seek to partner. For patients in (name of your community), this will result in more expensive and siloed care, and potentially a loss in reduced access to high-quality health care services.

Health care integration and coordination undeniably benefit patients and support communities in need, a fact that was only reinforced during the COVID-19 pandemic. (Insert examples of how integration helped your health system/hospital during the pandemic. Some examples: Ability to shift resources such as personal protective equipment, transfer patients, and deploy staff quickly).

Health systems also ensure that struggling hospitals and physicians — particularly in rural or underserved areas — have access to the resources necessary to comply with costly regulations, can pay for technology that improves patient safety and the quality of care, and receive support for outreach programs that keep their communities healthy.

(For rural/underserved hospitals, list specific examples of how integration has benefitted your community.)

Both parts of this bill would lead to patients in (insert community name here) paying the cost: longer distances to travel for care, a worsening of the conditions that lead to health inequities, higher costs, and limited access to medical innovation.

**Managed Care Contracting**

The vast majority of Californians are now covered by managed care arrangements, in which health plans contract with health care providers for high-quality care at a reduced cost. AB 2080, however, imposes broad contract prohibitions that would disrupt the countless relationships we currently have with payers, physicians, clinics, skilled-nursing facilities, and other health care providers, permanently altering long-standing arrangements that are fundamental to organizing coordinated care. The bill strikes at the very essence of preferred provider arrangements, which limits the ability of integrated health systems to offer seamless care to patients. AB 2080 would unwind managed care in California and place the state on a path backward to illness-oriented and siloed health care, needlessly increasing the cost of health care for state employees and retirees, Medi-Cal patients, and other Californians.

**Partnerships and Integration**

AB 2080 would also prohibit physician groups, hospitals, payers, and others from making certain business decisions without the prior permission of the attorney general. But this is entirely unnecessary: the attorney general has long had the ability to investigate and prosecute anticompetitive behavior, as do federal government authorities. In addition, the creation of vast new attorney general jurisdiction would result in a tremendous increase in direct costs to the state for implementation and hiring of staff to review the thousands of transactions involving California’s very large and complex health care system. Some of the review costs may be charged to the parties in a transaction (including taxpayer-funded public entities such as counties, health care districts, and University of California hospitals). The costs that the parties incur to hire consultants to review transactions will have to be passed on to patients and health care purchasers, including Medi-Cal, CalPERS, and others.

If enacted, AB 2080 would unnecessarily restrict (insert hospital name) flexibility and the resources we need to simply keep our doors open and provide vital care to patients.

For these reasons, (insert hospital name) is opposed to AB 2080 and asks for your “NO” vote in Senate Health Committee.

Sincerely,

Name

Title