

[California State Budget Plan, 2022-23](#)

## Office of Health Care Affordability

The 2022-23 budget agreement approved by the Legislature and expected to be signed by the governor establishes the Office of Health Care Affordability and authorizes funding for the Department of Health Care Access and Information to set up the office. The office will oversee health care cost growth in California through public reporting and by setting and enforcing cost-growth targets statewide, for individual health care sectors and geographic regions, and potentially for individual health care entities. In addition, the office will prospectively review market transactions that include investor-owned health care providers. It will also measure and promote investments in primary care and behavioral health, the adoption of alternative payment methodologies, workforce stability, and performance by health care providers and payers on a standard set of equity and quality measurements.

*Key changes between the final language and the most recent public language released in February 2022:*

- **More health care entities are in** — specifically, payers, clinics, nursing facilities, and physician groups with more than 25 physicians.
- **Greater stakeholder input** is secured through the Health Care Affordability Advisory Committee, which will include key health care stakeholders and will be appointed by the department’s board.
- New definitions of health care costs and other terms more **properly account for the complexities of health care financing, with specific recognition of Medi-Cal self-financing structures.**
- Board roles and responsibilities are clarified and **conflicts of interest among board members are addressed.**
- **Implementation timelines are updated**, as discussed below.

*Key implementation dates:*

- **July 2022** – Office begins hiring to ultimately fill 142 authorized positions, and board member selection process commences.
- **April 2024** – Covered health care entities must provide notice to the office of intended market transactions.
- **January 2025** – Office establishes a *non-enforceable* statewide cost target.
- **June 2025** – Office releases “baseline report” on health care spending in 2022 and 2023.
- **January 2026** – Office establishes an *enforceable* statewide cost target.
- **June 2027** – Office releases its first “annual report” on health care spending trends and performance against non-enforceable 2025 cost target.
- **October 2027** – Board must define health care sectors.
- **June 2028** – Board must establish specific targets by health care sector.