



Office of Health Care Affordability Fact Sheet

Senate Bill 184, part of the 2022-23 state budget package, established the Office of Health Care Affordability within the Department of Health Care Access and Information (HCAI). The office's objectives and responsibilities are to:

 **Increase transparency on cost and quality** by collecting spending and other data and reporting annually on health care cost growth and other performance measures

 **Develop cost targets for the health care field,** including statewide and sector targets for annual growth in per capita health care spending

 **Progressively enforce compliance with cost targets** by

1. Providing technical assistance
2. Compelling public testimony
3. Imposing performance improvement plans
4. Assessing financial penalties

 **Monitor and review market transactions** by prospectively reporting on market impacts of "material" transactions

 **Establish new standards,** including for quality, equity, workforce stability, alternative payment methodology adoption, and primary care and behavioral health investments

Jurisdiction. The office's authority will extend to payers, such as health plans and public health care coverage programs, providers, including hospitals and physician groups, and fully-integrated delivery systems.

Governance. The office will be overseen by an eight-member board with input from an advisory committee.

Implementation of the office will occur gradually over the next several years:

- **July 2022:** Office begins hiring and board member selection process commences
- **April 2024:** Covered health care entities must provide notice to the office of intended market transactions
- **January - December 2025:** Health care entities subject to *non-enforceable* statewide cost target
- **June 2025:** Office releases baseline report on health care spending in 2022 and 2023
- **January - December 2026:** Health care entities subject to *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
- **January - December 2029:** Health care entities subject to enforceable statewide or sector targets

The office will do its work during a period of unparalleled financial distress for hospitals. Rising costs, including expenses for workforce and other needs, along with state mandated capital improvement projects mean that hundreds of California's hospitals are operating with negative margins, losing money every day to care for patients.