April 7, 2023

The Honorable Jim Wood, DDS
Chair, Assembly Health Committee
1020 N St., Room 390
Sacramento, CA 95814

SUBJECT: AB 666 (Arambula) — OPPOSE

Dear Assembly Member Wood:

California's not-for-profit hospitals are committed to improving the health and well-being of the communities they serve. This valuable work is inherent in their mission and symbolizes a commitment to help create healthy communities outside the hospital walls — especially in vulnerable communities — through their community benefit programs. Hospitals also support increased reporting transparency in community benefit reports and alignment with federal requirements for community benefits. **However, the California Hospital Association (CHA), on behalf of its more than 400 hospital and health system members, is opposed to Assembly Bill (AB) 666 as it proposes new requirements that conflict with federal statute and could create barriers to meeting needs in the community.**

AB 666 states that the Department of Health Care Access and Information (HCAI) would define what is meant by "community." While federal statute allows hospitals to define the community it serves, the Internal Revenue Service requires the following:

- A hospital must ensure medically underserved, low-income, or minority populations who live in the geographic area are included in its definition of community.
- Medically underserved populations include populations experiencing health disparities or that are at risk of not receiving adequate medical care because of being uninsured or underinsured, or due to geographic, language, financial, or other barriers.
- Medically underserved populations also include those living within a hospital facility's service area but not receiving adequate medical care from the facility because of cost, transportation difficulties, stigma, or other barriers.

Potentially significant expansions to the definition of "community" are concerning. For example, if HCAI's definition of a region includes areas that are outside a hospital's natural service area, which is based on patient residence, this could result in reduced investments in a hospital's natural service area. Maintaining the federal requirements ensures that hospitals can focus their efforts directly on helping the medically underserved, low-income populations in their communities.

AB 666 also proposes that hospitals must conduct a community health needs assessment (CHNA) every two years. Federal statute requires hospitals to complete a CHNA every three years. From the start of the CHNA process, which includes stakeholder and community meetings, CHNAs can take up to 18 months to complete. A two-year CHNA cycle does not provide adequate time for hospitals to evaluate the impacts of community benefit investments. This compressed cycle would mean that hospitals would not have the opportunity to shift funding from programs that may not be moving the needle to those that are making a positive impact. It is also important to acknowledge that some local foundations and other funders also adopt a hospital's CHNA in their grant requirements, which builds important alignment around key community health needs. Updating these findings more frequently would be disruptive to ongoing efforts across the community.

AB 666 would also require that community benefits include financial or in-kind support for public health programs, as documented by the public health department receiving the support. It is important to note that hospitals already provide support for public health and prevention-related activities through programs, partnerships, and grants. However, these investments do not equate to transferring resources to or directly supporting local government public health agencies***. Hospitals should not be asked to fund local public health departments.***

Furthermore, HCAI is currently implementing AB 1204 (Wicks, 2021), which requires all hospitals — not just the not-for-profits — to develop and implement a health equity plan. HCAI is also currently developing regulations to implement AB 204 (Wood, 2019) which sought to standardize requirements for calculating and reporting community benefits to better understand and compare the value of community benefits provided by hospitals. AB 666 conflicts with ongoing regulatory activities, as well as future federal requirements, that further the goals of improving the health outcomes for our communities.

The health care environment is constantly changing, and the COVID-19 pandemic has resulted in fiscal challenges for many of our hospitals. There is already much work being done in the community benefits space, and the changes proposed in AB 666 will only add significant requirements for hospitals that will likely not result in more resources. For these reasons, CHA is opposed to AB 666. If you have any questions, please contact me at vgonzalez@calhospital.org.

Sincerely,

Vanessa Gonzalez

Vanessa Gonzalez
Vice President, Advocacy

cc: The Honorable Joaquin Arambula
The Honorable Members of the Assembly Health Committee
Lara Flynn, Principal Consultant, Assembly Health Committee
Gino Folchi, Consultant, Assembly Republican Caucus