



February 22, 2024

The Honorable Liz Ortega
Chair, Assembly Committee on Labor and Employment
1020 N Street, Room 155
Sacramento, CA 95814

SUBJECT: ACA 14 (Ortega) — OPPOSE

Dear Assemblymember Ortega:

As a core component of California's health care system, hospitals serve as a cornerstone of our communities. The University of California (UC) system, in particular, has a broad mission focused not only on clinical care, but also on research and education. By providing care, training the next generation of health care providers, and developing new treatments, the UC system provides a profound and necessary service for all Californians. **This fundamental service would be severely compromised by Assembly Constitutional Amendment (ACA) 14 (Ortega). Therefore, the California Hospital Association (CHA), on behalf of our more than 400 hospitals and health system members, must respectfully oppose this bill.**

One of the core problems created by ACA 14 is that the constitutional amendment **would create a de facto ban** on the ability of the UC system to contract for services. Specifically, ACA 14 takes the unprecedented step of allowing the State Personnel Board (SPB) to review — and either approve or reject — UC's proposed service contracts. Not only does this create a requirement that private universities and their health systems do not need to meet, but it also creates a requirement that neither the California State University system nor other public college systems must meet.

This unprecedented and arbitrary requirement comes with a series of significant challenges. First, this ban directly undermines ongoing efforts by the UC system to minimize contracting out. In 2019, the Regents passed Regents Policy 5402, which prohibits contracting out for support services, unless as a last resort. Similarly, through their memorandum of understanding, the UC system and the American Federation of State, County and Municipal Employees have further limited contracting out. Through these efforts, the UC system has significantly limited contracting out to only when unavoidable and necessary. Creating unnecessary additional hurdles toward contracting out effectively punishes the UC system for the work it has already completed.

Second, by creating an undefined restriction on the ability of the UC system to secure support services, ACA 14 functionally handcuffs UC hospitals and inhibits their ability to provide basic health care services.

Fundamentally, hospitals cannot provide necessary services unless they are appropriately staffed in real-time. For a hospital to operate, this means having contract staff available who can address staff absences, including vacations, sick leave, and maternity leave, as well as assisting a hospital in increasing the number of staff to deal with a surge in patients. Without this flexibility, hospitals will need to reduce medical services. While ACA 14 includes vague language on an emergency exception, this exception is undefined and does not address the fundamental challenge facing hospitals — by the time a hospital has reached an emergency state due to a staffing shortage, it is far too late.

By denying this necessary flexibility, ACA 14 not only inhibits the basic functioning of the UC medical system, but also places many vulnerable Californians in jeopardy. UC medical centers have a critically important role in California's care delivery system. Often the only Level 1 trauma centers in their regions, UC medical centers provide the majority of highly specialized services — including half of all transplant procedures statewide and a quarter of the severe burn care delivered to Californians. Because these services are often not available elsewhere in their communities, UC medical centers typically treat sicker patients, who require longer stays in the hospital and highly specialized care.

In short, ACA 14 threatens health care access for some of California's most vulnerable patients without anything even approaching a comparable benefit. **Restricting UC medical centers' ability to utilize appropriate resources will have a direct negative impact on the care received by patients across the state.**

For these reasons, CHA respectfully asks your "No" vote on ACA 14.

Sincerely,



Rony Berdugo
Vice President, State Advocacy

cc: The Honorable Members of the Assembly Labor and Employment Committee
Megan Lane, Chief Consultant, Assembly Labor and Employment Committee
Lauren Prichard, Consultant, Assembly Republican Caucus