



May 03, 2024

The Honorable Buffy Wicks  
Chair, Assembly Appropriations Committee  
1021 O St., Room 8220  
Sacramento, CA 95814

**SUBJECT: AB 3129 (Wood) – OPPOSE**

Dear Assembly Member Wicks:

Californians deserve sustained and improved access to vital health care services. This cannot be achieved without ongoing investment to not only preserve, but also bolster the availability of care. Assembly Bill (AB) 3129 (Wood, D-Healdsburg) would undermine and disincentivize these critical investments, reducing access to much-needed health care services and reducing the number of investors in the California health care delivery system. In addition, the bill would require the Department of Justice to hire additional staff to implement the bill and would increase health care costs for all purchasers of health care, including Medi-Cal, CalPERS, CalSTRS, individual Californians, and others.

**The California Hospital Association (CHA), on behalf of more than 400 hospitals and health systems, opposes AB 3129.**

Specifically, AB 3129 would require certain investors to submit a detailed legal notice to the California Department of Justice (DOJ) before investing in a health care provider under specified circumstances. DOJ would then be required to analyze the transaction and take action to approve, deny, or place conditions on it. A similar DOJ process for nonprofit entities typically takes months — sometimes a year or more — of DOJ attorney and support staff time for each transaction. If AB 3129 were to become law, DOJ would need to hire additional staff or pay substantial overtime to facilitate the work-intensive process needed to review these transactions. DOJ would also need to establish an administrative process to monitor the various affiliations, partnerships, joint ventures, mergers, and strategic alliances involving investors and health care providers in California's large and complex health care system. The number of these transactions is immense, so the scale of this undertaking would not be absorbable with existing resources.

Although the current proposal differs in some ways from previous legislative proposals related to health care consolidation, the breadth of the transactions contemplated by AB 3129 may in fact be more expansive than previous efforts (such as AB 2080 in 2022) due to the broad definitions in the bill. For the Assembly Appropriations analysis on AB 2080, DOJ estimated annual costs of \$6.49 million in the first year and \$11.35 million annually thereafter to employ 23 additional deputy attorneys general and 19 additional legal secretaries. DOJ may argue that implementation costs would be offset through fees

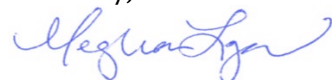
charged to the entities that file notice; however, these costs would then be passed on to purchasers of health care, including Medi-Cal, CalPERS, CalSTRS, and others. These costs are substantial.

DOJ undertakes a similar process for other entities which is very lengthy and has an unpredictable outcome for the transacting parties. These facts have contributed to failed transactions, hospitals choosing bankruptcy over filing notice with the DOJ, and closures of hospitals and clinics. All these outcomes have necessitated considerable staff time from the California Department of Public Health – another cost that would arise if AB 3129 were to become law. These increased costs would harm the accessibility and affordability of health care in California.

California relies on investment in all marketplaces to meet growing and changing demands. Health care is no exception – it needs constant innovation and resources to maintain high-quality, cost-efficient patient care. Barriers to investment will jeopardize the care on which patients across the state rely and hinder innovation, including innovation that results in decreased costs. The state’s policy should be to encourage investment in California health care rather than making it more difficult. This bill would create barriers to new resources for patients when exactly the opposite is needed.

**For these reasons, CHA requests your “no” vote on AB 3129.**

Sincerely,



Meghan Loper,  
Consulting Lobbyist, California Hospital Association

cc: Assembly Member Jim Wood  
The Honorable Members of the Assembly Appropriations Committee  
Allegra Kim, Assembly Appropriations Committee  
Joe Shinstock, Consultant, Assembly Republican Caucus