

# Introduction to the Office of Health Care Affordability

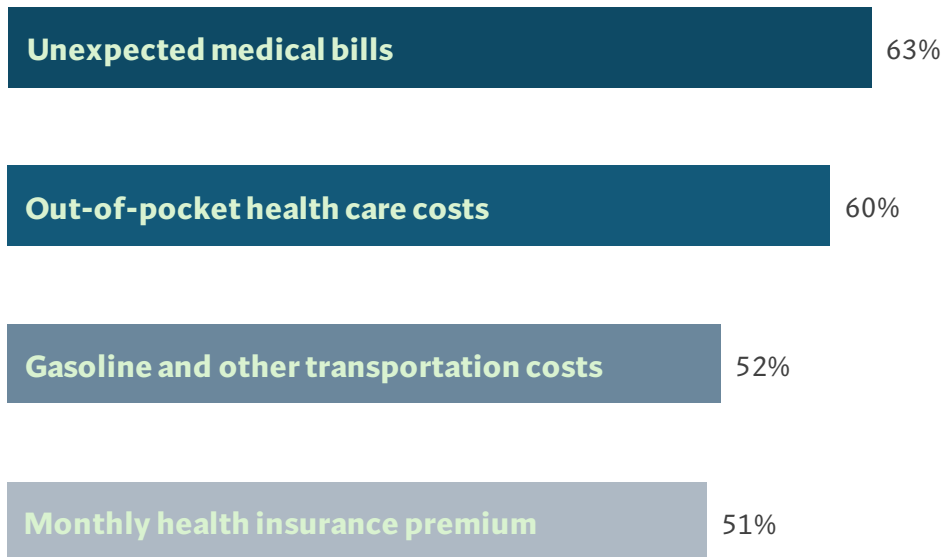
Ben Johnson  
Vice President of Policy

June 2024



## 2021

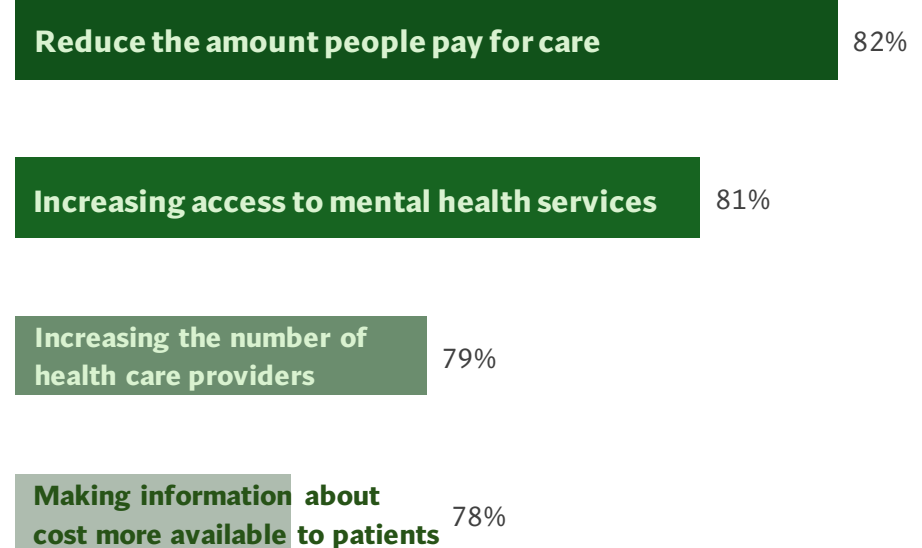
### Percent of Californians Worried About Being Able to Afford the Following Items



Source: CHCF/NORC California Health Policy Survey (2021)

## 2023

### Percent of Californian Adults Who Think the Governor and Legislature Should Work on the Following Health Care Issues

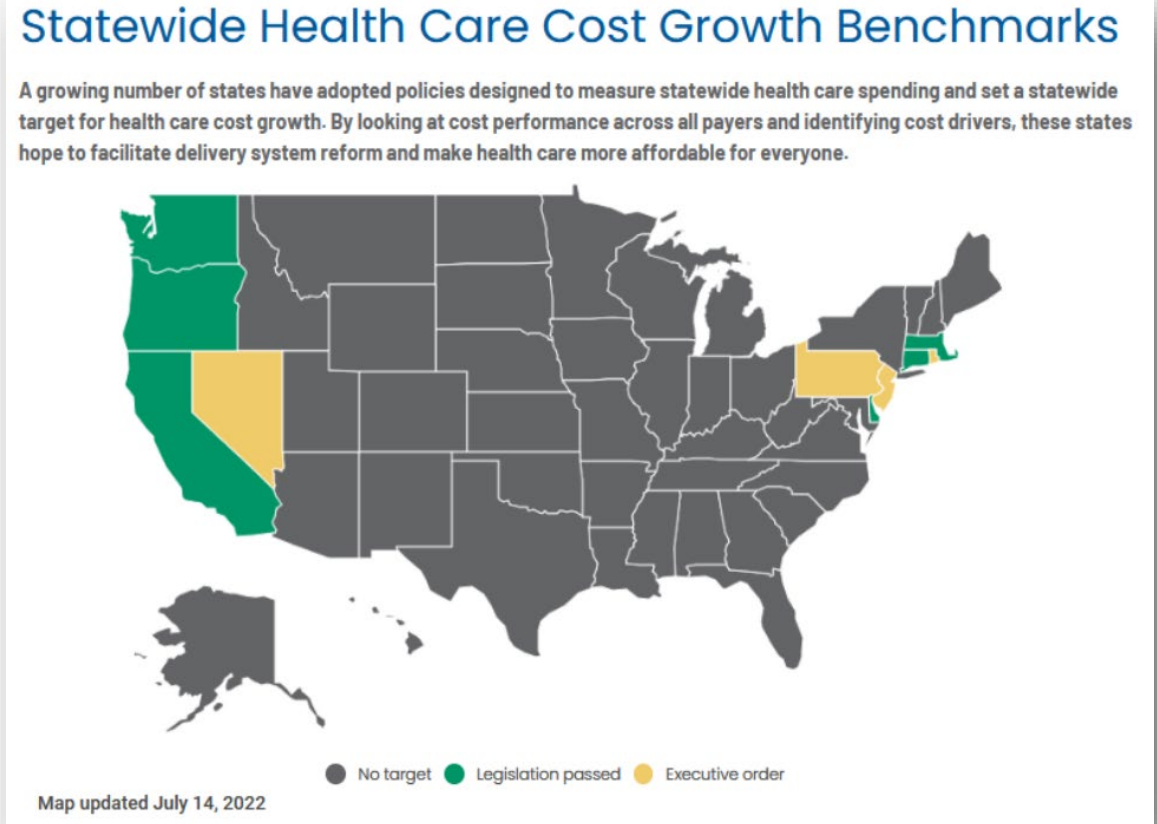


Source: CHCF/NORC California Health Policy Survey (2023)

Policymakers have recently considered or approved various approaches to **improve health care affordability**

- Rate setting
- Cost-sharing limitations
- New coverage subsidies
- Expanded oversight of market activity
- Single payer

Coast to coast, states are rolling out **health care cost benchmark programs**



## California Office of Health Care Affordability (OHCA) authorized in the state budget via Senate Bill 184 (2022)

### Political support from:

- Governor Newsom
- Former chair of the Assembly Health Committee, Jim Wood
- Purchasers (Purchasers Business Group on Health)
- Insurers (Blue Shield)
- Labor (California Labor Federation)
- Consumer groups (Health Access)

### Housed within the Department of Access and Information (HCAI)

#### Led by:

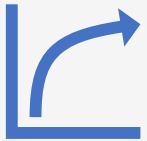
- HCAI Director Elizabeth Landsberg
- Deputy Director Vishaal Pegany

### Significant investment of state resources:

- \$32 million annual budget
- 142 staff positions
- Consulting resources from:
  - Bailit Health
  - The Source on Healthcare Price & Competition
  - Freedman HealthCare
  - And more



Increase transparency on spending and quality



Set spending targets for the health care field



Enforce compliance, including through financial penalties



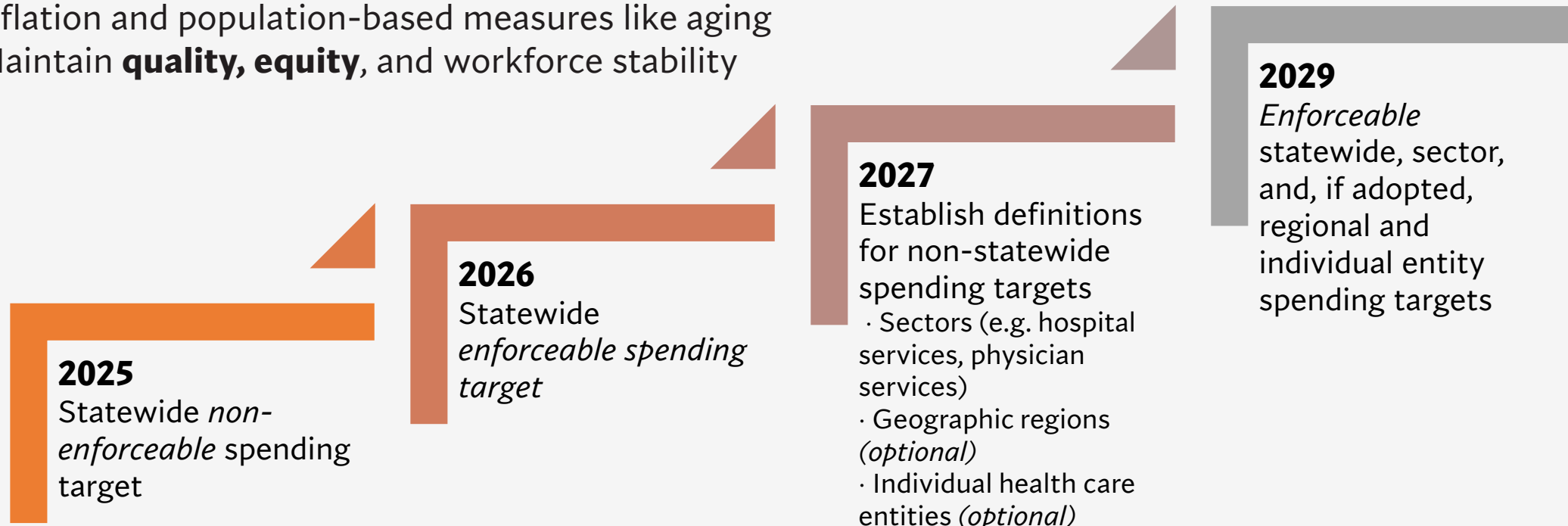
Monitor and review market transactions



Establish new standards, including for quality, equity, workforce

## Key Statutory Requirements

- Based on a **target percentage for annual growth** in per capita total health care expenditures
- **Promote affordability** and a predictable and sustainable rate of change in costs
- Set with consideration of **economic indicators** like inflation and population-based measures like aging
- Maintain **quality, equity**, and workforce stability



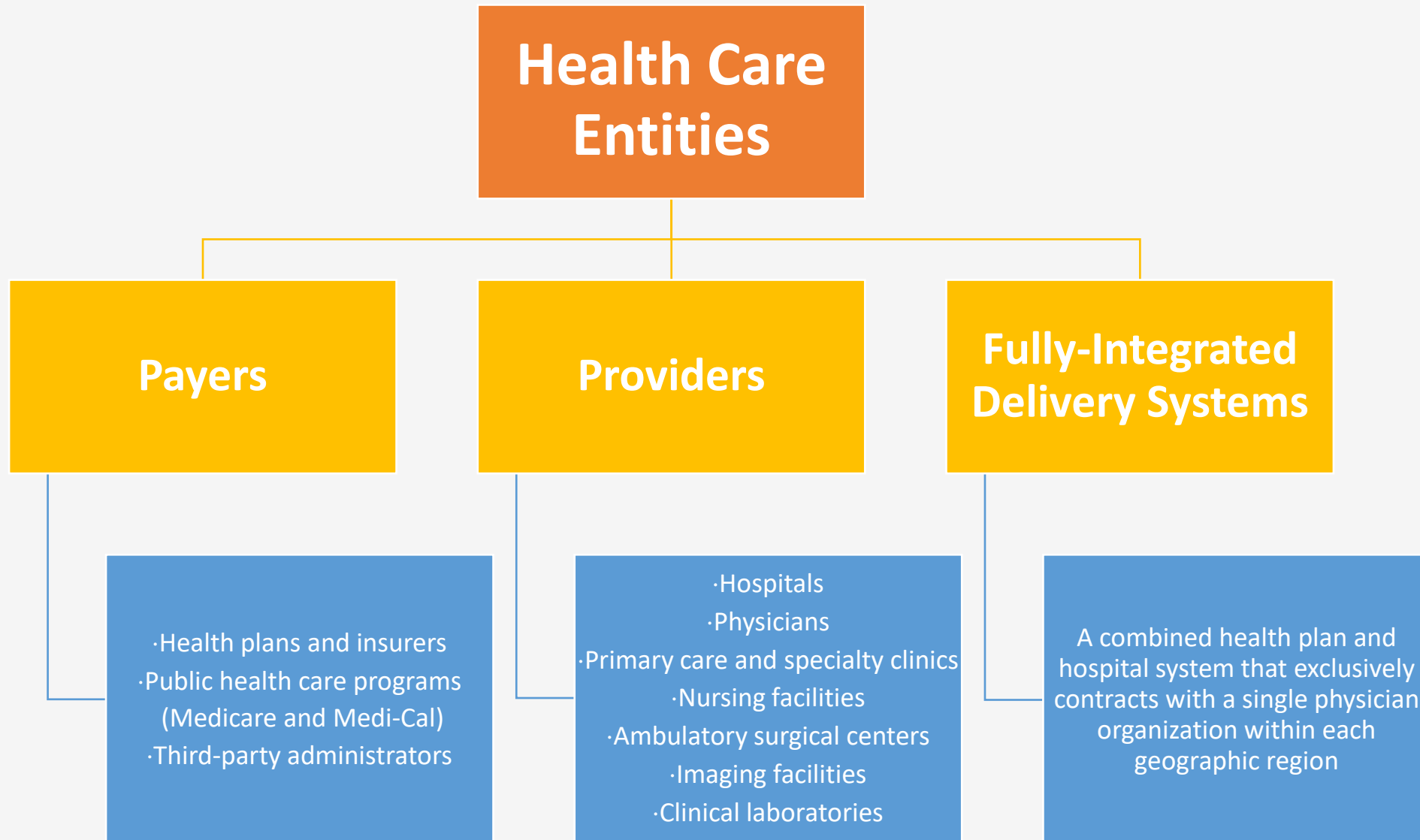
# Statewide Spending Target

## On April 24, the OHCA Board approved the first statewide spending target

- Based on average annual median household income growth from 2003-2022
- Includes a glide path that ramps the target down over time

Performance Year	Per Capita Spending Growth Target
2025	3.5%
2026	3.5%
2027	3.2%
2028	3.2%
2029	3.0%

# OHCA Regulates “Health Care Entities”





## Office/ Director

- Establish reporting requirements
- Analyze and publish reports on health care spending
- Advise on and carry out progressive enforcement actions
- Monitor and review market transactions

## Board

- Establish spending targets
- Define sectors
- Approve range and scope of administrative penalties

## Advisory Committee

- Provide input and recommendations on various issues under consideration

**Dr. Richard Pan** – former Senator (Senate appointment)

**Ian Lewis** – Policy Director at Unite Here Local 2 (Assembly appointee)

**Sandra Hernandez** – President and CEO of CHCF (Governor appointee)

**Dr. David Carlisle** – President and CEO of Charles R. Drew University of Medicine and Science (Governor appointee)

**Dr. Richard Kronick** – Professor, University of California, San Diego (Governor appointee)

**Elizabeth Mitchell** – President and CEO of the Purchaser Business Group on Health (Governor appointee)

**Mark Ghaly** – CalHHS Secretary (ex officio)

**Don Moulds** – CalPERS Chief Health Director (ex officio, nonvoting member)

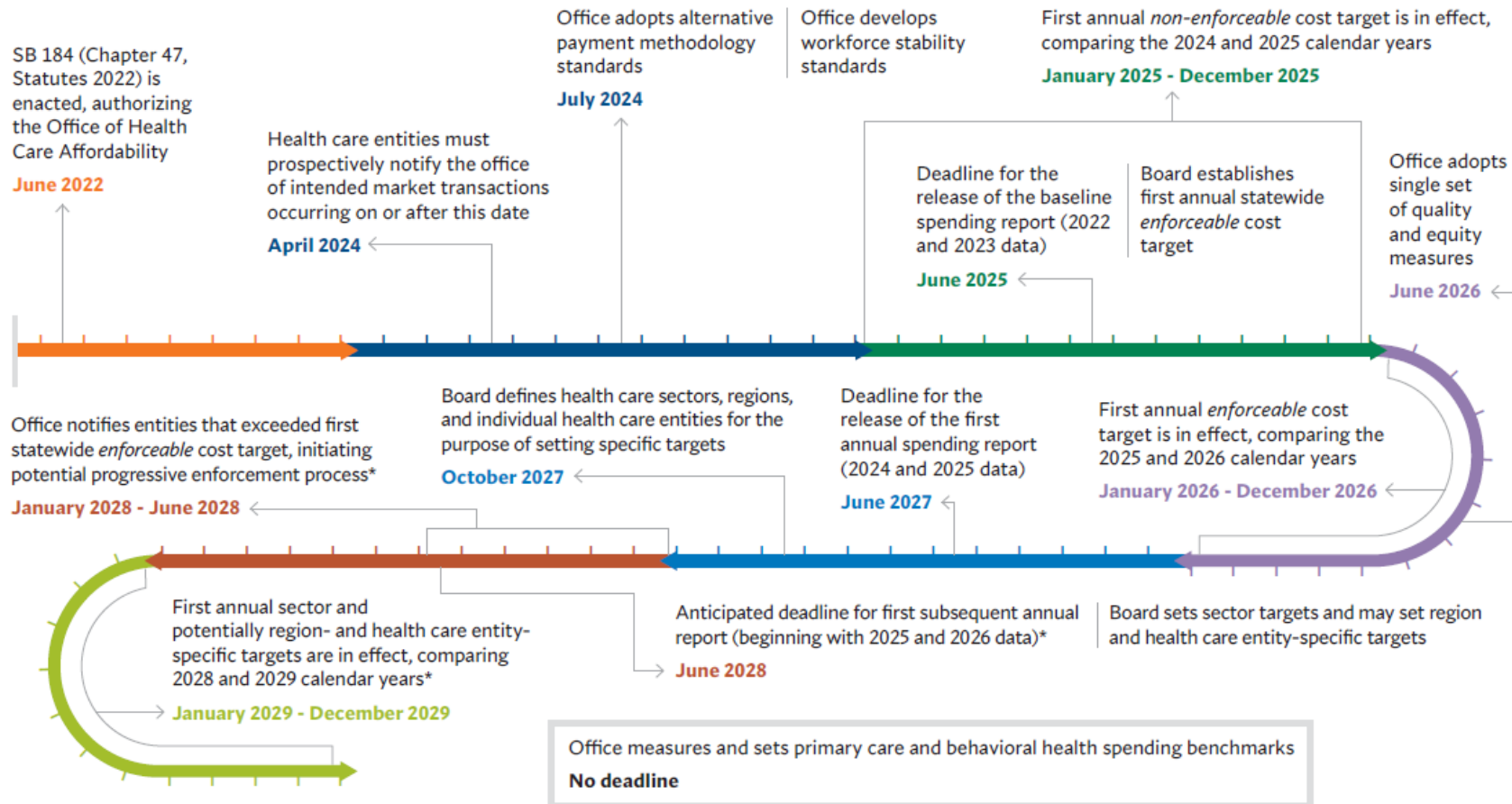
## Recommended Slate - 28 members

Payers 	Medical Groups 	Purchasers 	Consumer Representatives & Advocates 	Organized Labor 	
<p><b>Aliza Arjyan</b> Senior Vice President of Provider Partnership and Network Management, Blue Shield of California</p>	<p><b>Hector Flores</b> Medical Director, Family Care Specialists Medical Group</p>	<p><b>Ken Stuart</b> Chairman, California Health Care Coalition</p>	<p><b>Carolyn J Nava</b> Senior Systems Change, Disability Action Center</p>	<p><b>Joan Allen</b> Government Relations Advocate, SEIU United Healthcare Workers West</p>	
<p><b>Yolanda Richardson</b>, Chief Executive Officer, San Francisco Health Plan</p>	<p><b>Stacey Hrountas</b> Chief Executive Officer, Sharp Rees-Stealy Medical Centers</p>	<p><b>Suzanne Usaj</b> Senior Director, Total Rewards, The Wonderful Company LLC</p>	<p><b>Mike Odeh</b> Senior Director of Health, Children Now</p>	<p><b>Carmen Comsti</b> Lead Regulatory Policy Specialist, California Nurses Association/National Nurses United</p>	
<p><b>Andrew See</b> Senior Vice President, Chief Actuary, Kaiser Foundation Health Plan</p>	<p><b>David S. Joyner</b> Chief Executive Officer, Hill Physicians Medical Group</p>	<p><b>Abbie Yant</b> Executive Director, San Francisco Health Service System</p>	<p><b>Kiran Savage-Sangwan</b> Executive Director, California Pan-Ethnic Health Network (CPEHN)</p>	<p><b>Janice O'Malley</b> Legislative Advocate, American Federation of State, County and Municipal Employees</p>	
Hospitals 	Physicians 	Health Care Workers 	<p><b>Rene Williams</b> Vice President of Operations, United American Indian Involvement</p>	<p><b>Kati Bassler</b> President, California Federation of Teachers, Salinas Valley</p>	
<p><b>Barry Arbuckle</b> President &amp; Chief Executive Officer, MemorialCare Health System</p>	<p><b>Adam Dougherty</b> Emergency Physician, Vituity</p>	<p><b>Stephanie Cline</b> Respiratory Therapist, Kaiser</p>	<p><b>Marielle A. Reataza</b> Executive Director, National Asian Pacific American Families Against Substance Abuse (NAPAFASA)</p>	<th data-bbox="1992 1035 2392 1149">Academics/ Researchers </th>	Academics/ Researchers 
<p><b>Tam Ma</b> Associate Vice President, Health Policy and Regulatory Affairs, University of California Health</p>	<p><b>Parker Duncan Diaz</b> Clinician Lead, Santa Rosa Community Health</p>	<p><b>Sarah Soroken</b> Mental Health Clinician, Solano County Mental Health</p>	<p><b>Stephen Shortell</b> Professor, UC Berkeley School of Public Health</p>		
<p><b>Vacancy</b></p>	<p><b>Sumana Reddy</b> President, Acacia Family Medical Group</p>	<p><b>Cristina Rodriguez</b> Physician Assistant, Altura Centers for Health</p>			

Yellow highlight = Reappointments whose terms would have otherwise expired on June 30, 2024

Red font = new members or category

## Office of Health Care Affordability Implementation Timeline



\*Reflects anticipated timing or deadline

## **Ben Johnson**

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