

## Office of Health Care Affordability Must Protect Access to High-Quality Hospital Care

### The Issue

Many Californians continue to struggle with the high cost of health care despite efficient health care delivery. Adjusting for California's higher cost of living, the state is among the 10 lowest in per capita hospital **and** overall health care spending in the nation. Hospitals have been working for decades to address this challenge by investing in primary care and community-based services (proven, preventative approaches to avoid unnecessary hospital stays), as well as helping patients sign up for Medi-Cal (ensuring any hospital stays are covered). Still, keeping cost growth in check must be a collective effort. Nearly two-thirds (63%) of health care spending occurs outside of hospitals; decisions around **how** and **where** to treat a patient are made by independent medical professionals and doctors who are not typically employed by hospitals.

Unfortunately, Californians most in need of care often face the highest costs. This is the result of underinsurance, meaning that health plans charge high deductibles and copays, and only cover limited services or offer a limited selection of in-network providers. This forces patients to pay for care that should be covered by insurance. Similarly, primary and behavioral health care that could prevent a hospital stay is too often not accessible.

### What's Needed

The Office of Health Care Affordability (OHCA), established in 2022 with the goal of reducing spending growth in health care **without** harming access or quality, has an historic opportunity to effect change in California's health care system. To meet its goal, OHCA must:

- **Work with hospitals and other providers to advance meaningful change.** To make care more affordable, the entire health care system — providers, insurance companies, drug manufacturers, medical device suppliers, labor unions, governmental agencies, and others — must work together toward shared solutions.
- **Protect access by explicitly building into goals the drivers of health care costs, including:** an aging population, with health care costs of older patients three to five times higher than those of younger Californians; new lifesaving drugs and technologies, which hold great promise but come with high costs; and investments in workforce, which account for nearly 55% of hospitals' spending — but are imperative because without health care workers, there can be no patient care.
- **Balance cost growth reduction with needed investments to build the health care system of tomorrow,** ensuring that hospitals are able to remain open, serve the broad needs of their communities, and invest in programs that make their communities healthier. California deserves a health care system that supports behavioral health care, addresses existing health inequities, and continues to deliver miraculous advancements in care that save lives. Only with a thoughtful, data-driven, collaborative approach can OHCA help deliver a health care system that meets the needs of all Californians.



**60%**  
of health care  
spending occurs  
outside hospitals —  
field-wide  
collaboration is the  
only way to make  
care affordable.