

Key Messages

Office of Health Care Affordability Must Protect High-Quality Care

Making health care more affordable — a priority for California hospitals — is a shared responsibility. To make a difference in the cost of care, the entire health care system — insurance companies, drug manufacturers, medical device suppliers, labor unions, governmental agencies, and others — must work together.

- Nearly two-thirds — 63% — of statewide health care spending occurs outside of hospitals; decisions around **how** and **where** to treat a patient are made by independent medical professionals and doctors.
- California hospitals have been working for decades to slow the rate of growth in health care spending and lower costs for patients.

Hospitals and other providers face significant headwinds. When assessing progress toward the state’s affordability goals, the Office of Health Care Affordability (OHCA) has not taken into account:

- California’s 65 and older population is projected to increase by 42% — and older patients’ health care costs are three to five times higher than that of younger Californians.
- New lifesaving drugs and medical technologies bring hope to Californians with complex diseases or injuries but come at a high cost — sometimes millions of dollars.
- State mandates, like seismic standards and health care worker minimum wage, add billions of dollars in costs for health care providers and often come with no funding. Nearly 55% of hospitals’ spending goes directly to employees — and California nurses, for example, are the highest paid nationally.

To improve health care affordability while protecting health care access and improving equity, OHCA must work with hospitals and other providers to advance meaningful change.

- Reform at this scale must reflect the differences between “good” spending — such as needed investments in behavioral health and primary care — and spending that unnecessarily adds to costs, such as high pharmaceutical costs and insurer-driven discharge delays.
- Health care providers must be able to invest in programs that make their communities healthier, so patients can be treated **before** their conditions become serious and more expensive.
- OHCA must ensure that any savings generated through its work are passed on to consumers in the form of reduced premiums and out-of-pocket expenses, rather than greater profits for insurance companies (profit for the six largest national health insurers was \$47 billion in 2023).