LEGISLATIVE UPDATE

Alliance of Catholic Health Care

Week of April 21, 2025

State Issues	
Legislative Bill Hearing Deadline	The policy committee hearings are in full swing. Next Friday (May 2) marks the legislative deadline for policy committees to hear and report to fiscal committees fiscal bills introduced in their house; and May 9 is the last day for policy committees to hear and report to the Floor nonfiscal bills introduced in their house.
SB 403: EOLOA	One key bill heard in Senate Health Committee this week that is of interest to the Catholic health ministry was SB 403 (Blakespear) that would eliminate the 2031 sunset of the End of Life Option Act, making the law permanent. For the past several years, the Alliance has advocated that before there are any more changes to the law, that the State needs to conduct a substantive review or audit on the compliance of current law and be full transparency on the data that is collected, but is not reported. Until the Legislature ensure transparency and adequate oversight of this law, we will continue to oppose prematurely removing the sunset date. The Senate Health Committee, in its analysis, recommended that the Legislature consider responding to requests for reporting more data that is currently collected. Researchers and others have requested that the California Department of Public Health (CDPH) report all of the data collected from the forms or release the de-identified data to independent researchers to analyze. There are almost 100 data elements collected and reported by Oregon. California collects that same data but publishes only 32 of those data elements. California collects an additional 14 data elements that Oregon does not collect, and California reports on only four of those items. The committee also recommended requiring CDPH to organize a stakeholder meeting to determine what additional data should be reported, and, require CDPH to begin reporting those data in the July 2026 release of the 2025 Annual Report. Senator Blakespear refused to accept any more data reporting and only agreed to the recommendation for CDPH to organize the stakeholder meeting. The amendments were discussed, but no final amendments have been put in print. The bill will quickly move to the Senate Judiciary Committee, to be heard next Tuesday (April 29), where it is uncertain if amendments will be in print. The Alliance will continue to oppose SB 403, and any change in the law, until there is a substantive state review or audit of the current law.
Office of Health Care Affordability: Update and Background	This week, the Office of Health Care Affordability Board voted to create a hospital specific "spending growth target" or cap. This is just the latest step the Board has taken that will have serious implications for the delivery of health care in California in the coming years. *(more)*

Office of Health Care Affordability: Update and Background *(continued)*	By way of background on the Board, it was created in statute, authored by Assembly Member Wood, in 2022. The Board is tasked with cutting the cost of health care, while ensuring access to care is not hindered. Many following the Board's actions over the last few years – including Legislators in recent Budget hearings – are concerned that the OCHA Board has focused more on the cost containment aspect of their mission and not provided enough consideration of the impact of their actions on access to care. **Statewide Target.** The Board has adopted spending growth targets for the entire health care delivery field. The target applies to a broad range of health care entities, including health plans, physician groups (with at least 25 physicians), and hospitals. The Board finalized a five-year health care spending growth target that will be phased in as follows: ▪ 3.5% non-enforceable target in 2025 ▪ 3.5% enforceable target in 2026 ▪ 3.2% enforceable target in 2027 ▪ 3.2% enforceable target in 2028 ▪ 3.0% enforceable target in 2029 The spending target is based on the average growth rate of median household income from 2002-2022 and is not based on the cost to provide that health care. Concern has been raised by many providers that the Board did not adequately consider the impact on access to care in creating these exceptionally low targets and did not consider costs outside of the control of health care providers, like legislatively-mandated wage increases, costs affiliated with health care innovations and technologies, inflation, or the increased costs expected to provide care for an aging population. Starting with the 2026 target, OHCA can take enforcement actions against entities exceeding the spending growth target, including financial penalties, technical assistance, and performance improvement plans. The Board has made clear that while targets in 2026 and beyond are enforceable, they plan to work with health care entities that do not meet the target, and they do not intend to immediately levy fines. However, it is unclear exactly how that process will be implemented or how those decisions will be made. **Hospital Specific Target.** This week, after months of discussion, the Board adopted a hospital-specific target, for the 7 "most expensive" hospitals in the state. The cost target identified is 1.7% -- half of the statewide target. ▪ Community Hospital of The Monterey Peninsula ▪ Doctors Medical Center – Modesto ▪ Dominican Hospital ▪ Salinas Valley Memorial Hospital ▪ Santa Barbara Cottage Hospital ▪ Stanford Health Care ▪ Washington Hospital – Fremont Unfortunately, the formula used to secure a "most expensive" hospital on this list has been a challenge for providers to recreate using the hospitals' own data. Until recently, the list of targeted hospitals included 11 hospitals. But in the last week, the Board excluded several small, rural hospitals and Cedars Sinai fell off the list in a previous meeting. They noted that they will reassess the list every year. *(more)*

Office of Health Care Affordability: Update and Background *(continued)*	**Advocacy Efforts.** Advocacy with the Board has been led by the hospital associations — California Children's Hospital Association, Private Essential Access Community Hospitals (PEACH), and California Hospital Association. Given that these cost targets do not cover the cost of inflation, must less the growing costs of health care workforce, supplies, and state mandated requirements, there is a concern about the impact these targets or caps will have on services that hospitals and the rest of the health care delivery system will be able to provide once these targets take hold. With the growing understanding that services may have to be cut, and the workforce limited, Legislative leaders are getting more engaged and asking critical questions. They want to know how the Board is balancing its mission to limit the cost of care with the need for improved access to much-needed health care services. Those conversations are ongoing and gaining momentum.
Health Care Advocacy Organization Ceases Operations	This week, the Insure the Uninsured Project (ITUP) released an announcement that after decades of advocacy on health care coverage and access to care in California, they will end their work at the beginning of June. They note, "From our inception, we have championed the noble cause of expanding and accessing culturally concordant, quality health care for all Californians, particularly those in underserved communities." Widely known for their annual meeting and conference that brought together health care advocates from all sectors to better understand the complicated health care landscape and to drive collaborations. You can access their full announcement here.

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