

April 13, 2022

The Honorable Dr. Jim Wood, Chair
Assembly Health Committee
1020 N Street, Room 390
Sacramento, CA 95814

RE: AB 2080 (Wood) – Health Care Consolidation – SUPPORT as amended April 6, 2022

Dear Assemblymember Wood:

The Purchaser Business Group on Health supports AB 2080 (Wood) which will prohibit anti-competitive contracting provisions and will also strengthen and expand the oversight of the California Attorney General over proposed health care mergers, acquisitions, and similar transactions.

The Purchaser Business Group on Health is a not-for-profit coalition of employers and public agencies with the mission of improving quality and affordability in the healthcare system. For over two decades, PBGH has supported public policies to promote healthy market competition, cost transparency and quality performance. We encourage and advocate for healthy competitive provider marketplaces where consumers and patients have the opportunity to make informed choices among health care providers.

Health care consolidation too often leads to higher costs without improving quality or equity, and access to care is often damaged. When health systems are more consolidated, costs go up – taking more money out of the pockets of employers and consumers, without an improvement in care. Consolidation also leads to reorganization of service delivery, which can result in fewer choices for consumers, less access to care and even cutting off of critical services including emergency room, labor and delivery, reproductive services and services for LGBTQ patients.

AB 2080 applies the pro-consumer provisions of the landmark Sutter settlement industry-wide, i.e., to all hospitals, health systems, physicians, other health professionals, health plans and health insurers, by prohibiting the specific anti-competitive behaviors in the settlement.

The bill also extends the Attorney General's existing oversight authority over nonprofit hospital mergers to all health system transactions in order to review the impact these transactions will have on communities, access to and quality of care, costs, and market competition.

The bottom line is that high prices for health care services, driven by industry consolidation and anti-competitive practices, have dramatically increased premiums for individuals, employers, and workers. This has resulted in lower wages for workers and slower job growth. The health care industry is crowding out the rest of California's economy. We need legislation that will make health care markets work the way they are supposed to, resulting in lower prices, a stronger economy and more affordable health care for Californians.

For these reasons, the Purchaser Business Group on Health requests your support for AB 2080 (Wood).

Sincerely,

A handwritten signature in black ink that reads "William E. Kramer". The signature is written in a cursive style with a long, sweeping underline.

William E. Kramer
Executive Director for Health Policy

cc: Members, Assembly Health Committee