



May 28, 2020

The Honorable Anthony Portantino, Chair
Senate Appropriations Committee
State Capitol, Room 2206
Sacramento, CA 95814

Subject: Oppose – SB 977 (Monning)

Dear Chairman Portantino,

On behalf of the members of the California Association of Public Hospitals and Health Systems and the millions of patients they serve, I am writing to voice our opposition to SB 977 (Monning), which would give significant discretion to the Attorney General over health care system merger and affiliations.

As you know, California's 21 public health care systems are the core of the state's health care safety net, delivering high-quality care to more than 2.85 million patients annually, regardless of ability to pay or insurance status. Public health care systems include both county-operated or -affiliated facilities as well as the University of California medical centers. Most patients seen in public health care systems are either Medi-Cal beneficiaries or remain uninsured. Statewide, public health care systems provide nearly 40 percent of all hospital care to the state's uninsured, and 35 percent of all hospital care to Medi-Cal patients in the communities they serve. Public health care systems also operate over half of the state's top-level trauma and burn centers, and train half of all physicians in the state.

Over the years, public health care systems have sought opportunities to increase access to care and expand their reach to vulnerable, low-income populations in their communities. For example, last year, the County of Santa Clara acquired two hospitals to prevent their closure from bankruptcy and preserve access to care for all patients, regardless of ability to pay, throughout the county. This acquisition has proven to be an essential asset for the community, such as during the Gilroy Garlic Festival mass shootings, where critically injured patients would have otherwise lacked timely access to emergency care, and especially throughout the COVID-19 pandemic, allowing for a greater level of surge capacity in an area hard hit by the virus.

From our experience, we know that partnerships and affiliations between health care systems and providers are essential for securing access to care, allowing more individuals to be served than a single system could on its own. Affiliations provide patients with the full spectrum of care that may otherwise not be offered in the community – ranging from holistic disease management programs and highly specialized tertiary care to home care, and behavioral health treatment, among other areas. They can provide more opportunities for research trials in rural

and underserved parts of California, and they can provide diverse training opportunities for the next generation of our health care workforce.

SB 977 would strain access to the health care system by creating an extreme and burdensome process for transactions like mergers and affiliation, by presuming that these transactions are anticompetitive. The bill would give significant discretion to the Attorney General to approve or deny these without clear definitions of criteria or parameters to base these decisions. Sales, affiliations, and mergers are complex and expensive investments that require thousands of hours of work from legal, financial, operational, and clinical experts. Because of this substantive investment of time and resources, health care systems need some degree of certainty surrounding the process before undertaking such a risk.

Many hospitals and providers have experienced tremendous financial challenges from the COVID-19 pandemic. At this time, now, more than ever, it is vital to preserve flexibilities for maintaining access to care.

Public health care systems have significant concerns over the constraints that SB 977 would impose on their ability to effectively serve their communities. It is for these reasons, we respectfully oppose SB 977 and request a “No” vote on this bill. We would be pleased to further discuss our position with you and answer any questions you may have. Please contact Kelly Brooks-Lindsey, our Sacramento representative, at 916-272-0011 if you would like to follow-up. Thank you for your consideration.

Sincerely,



Erica B. Murray
President and CEO
California Association of Public Hospitals and Health Systems

cc: The Honorable Bill Monning
The Honorable Members of the Senate Appropriations Committee
Samantha Lui, Committee Consultant
Tim Conaghan, Republican Consultant
Joe Parra, Republican Consultant
Kelly Brooks-Lindsey, Hurst Brooks Espinosa