Rate Setting Doesn’t Protect Patients

1. Health care must be more affordable, but rate setting threatens access and quality.
   - Hospitals are committed to providing a broad range of high-quality health services — 24/7 emergency care, leading-edge surgeries, advanced diagnostics, optimal labor and delivery services.
   - Cuts to resources that support these services without consideration of the impact on patient care could lead to adverse consequences for patients and communities.
   - Hospitals operating on already-thin margins — particularly in rural and underserved communities — would be even harder-pressed to maintain certain services.
   - Guaranteeing insurers receive set rates removes their incentive to offer broad networks that guarantee adequate access to all types of services and specialists across California.
   - If payments to hospitals are reduced, there is no guarantee that savings will be passed on to consumers through lower insurance premiums.

2. California’s hospitals are already doing their part to keep costs down, while rate setting benefits only insurance companies.
   - The share of national health care spending attributable to hospitals is down by 17% since 1980. In California, the cost of hospital care per capita in California is more than 5% below the national average.
   - Hospitals are committed to working with the state and federal governments, as well as private payers, to develop innovative and simplified payment models that improve quality and decrease costs.
   - Over the past five years, California’s hospital revenues per adjusted patient day have increased 25% (2013 vs. 2018 net revenue per adjusted day) while nationally, per capita costs to the health care system for private health insurance have increased 44%.

3. Rate setting is a job-killer that doesn’t account for health care’s true cost drivers.
   - Statewide, California hospitals are responsible for more than 1 million jobs.
   - Payment cuts that don’t in any way reduce cost drivers — such as wages, pharmaceutical prices, technology, or real estate — will result in a loss of jobs in communities throughout the state.
   - A full 38% of California’s hospitals operate at a loss (another 20% operate with less than a 5% margin). Rate setting for these vulnerable hospitals could put them at risk of closing altogether, further eliminating jobs.