

California's Health Plans Are Working to Address Affordability in Health Care Coverage



California Association of
Health Plans

As California's Office of Healthcare Affordability (OHCA) develops proposals to address health care affordability in California, health plans are actively engaged with the Office on efforts to manage health care costs and improve affordable health care coverage options. Californians deserve health care that is accessible, affordable, and high-quality, and health plans are active participants in developing solutions.

What is OHCA's Purpose?

OHCA is tasked under state law with the following duties to address health care affordability, with solutions being developed in partnership with health plans and other stakeholders:

- Develop a multi-year health care spending target, which is subject to annual review and adjustment if necessary.
- Assess market consolidation and its impact on healthcare affordability.
- Collect, analyze, and publicly report data on total health care expenditures, and enforce spending targets set by OHCA's board.
- Measure quality and equity in health care.
- Identify alternative payment models, which use financial incentives to providers who strive for efficient, high-quality care at lower cost.
- Invest in primary care and behavioral health, and workforce stability.

How Are Health Plans Driving Affordability?

Health plans are committed to improving affordability through a variety of actions:

- Implementing value-based payment models in some cases, which reward health care providers for meeting quality goals and cost savings.
- Identifying opportunities to use alternative payment models that offer financial incentives to providers who pursue more efficient high-quality care.
- Tackling high prescription drug costs and advocating for policies to make prices more affordable.
- Negotiating the best possible prescription drug prices based on clinical data and evidence and embracing generics and biosimilars.
- Re-examining whether a different Essential Health Benefits package is necessary to help eliminate costly benefit mandate bills.
- Opposing individual bills mandating coverage of advanced specialty services.
- California's health plans support OHCA's mission of slowing health care spending growth and its calls for transparency and accountability in addressing rising health care costs.

Health Care Affordability
Cannot be Addressed
Without Addressing the
Largest Cost Driver in
the Health Care System –
Hospital Costs

A Closer Look at Hospital Costs:

Hospital costs account for
37% of overall healthcare
spending in California

Hospitals are charging
California commercial health
plans **300%** of Medicare
rates on average

High hospital prices are
a major contributor to
Increasing U.S. Inflation

Hospital prices have increased
by **600%** since 1990

Hospital price increases are
responsible for **23%** of the
growth in U.S. health care
spending each year.

The OHCA process is a critical venue for reining in these out of control costs.

As health plans continue to partner with OHCA on these issues, it is important for legislators and other state policymakers to take this important work into account when considering policies such as costly health care mandates that may threaten the important progress being made at OHCA on health care affordability.