

AB 3275 Will Harm California's Health Care Delivery System and Do Nothing to Save Distressed Hospitals



California Association of
Health Plans

VOTE NO ON AB 3275

Health plans understand the important role hospitals play within our health care system and we continue to support and make every effort to ensure hospitals stay operational so they can continue to provide quality care to all patients in the communities we serve. *Unfortunately, AB 3275 will drive up health care costs, harm the existing health care delivery system, and DO NOTHING to help financially distressed hospitals in California.*



AB 3275 Will Not Save Financially Distressed Hospitals

- California's health plans are already highly regulated and must comply with extensive transparency and timely access requirements, and face penalties for late payments.
- **AB 3275 aims to shorten claims processing times for health plans and insurers without any evidence that current timelines are causing hospital distress.**



AB 3275 Will Drive Up the Cost of Care and Harm the Existing Health Care Delivery System

- Despite rigorous regulations health plans already follow, this bill will tighten timelines, increasing administrative and technology burdens that will increase health care costs.



Hospitals Continue to Receive Billions of Dollars Each Month from Health Plans and Government Sources

- California health plans contribute approximately **\$4.5 BILLION EVERY MONTH** to hospitals, independent of patient volume, through capitated payments.
- Health plans also administer and deliver billions of federal dollars in supplemental payments to hospitals generated by the Hospital Quality Assurance Fee program.
- Health plans actively support programs to help financially distressed hospitals, including allocating \$150 million from the Managed Care Organization Tax towards distressed hospitals, with total General Fund spending reaching \$300 million.
- One California health plan recently provided a \$2 million emergency grant to Catalina Island's only hospital to help keep the hospital open.
- During the COVID-19 pandemic, health plans extended billions of dollars in financial assistance to hospitals and strongly advocated for billions in emergency federal funding for physicians and hospitals aid.
- Hospitals also receive a host of others funding streams of state and federal dollars.



The Hospital Industry is Financially Stable

- California hospitals reported an \$8.8 billion profit in 2023 and a \$3.2 billion profit in Q1 2024, according to the [California Health Care Foundation](#).

AB 3275 will not save financially distressed hospitals, and will harm the existing health care delivery system.

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