PRESS RELEASE

California Association of Health Plans

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CAHP: OHCA Penalty Structure Moves Forward Leaving Critical Questions Unanswered

SACRAMENTO, Calif. — The California Association of Health Plans released the following statement in response to the Office of Health Care Affordability (OHCA) Board's newly approved penalty structure:

"CAHP supports OHCA's goal of improving health care affordability and agrees that accountability should be part of any meaningful affordability framework. But it is disappointing that the Board's newly approved penalty structure is moving forward before OHCA has clearly explained how key enforcement decisions will work in practice — including how outside cost pressures such as state and federal mandates, taxes, labor costs, and other factors beyond an entity's control will be evaluated.

"For this framework to succeed, it must distinguish between spending growth that can be addressed and spending growth driven by broader market and policy realities such as the $1.5 billion MCO tax and numerous health care mandates recently approved by lawmakers that will increase consumer premiums by hundreds of dollars each year. It should also encourage collaboration across the health care system.

"Transparency is important, but it must be paired with context — especially as OHCA considers publicly reporting entities that exceed spending targets. Performance should be evaluated based on the full circumstances behind the numbers, not viewed in isolation.

"We look forward to continuing to engage with OHCA as it develops the regulations, performance improvement plan guidance, and enforcement processes that will ultimately determine how this framework functions in practice. Unfortunately, many critical questions were not answered, leaving great uncertainty and significant work ahead."

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CAHP is a statewide association representing 41 full-service health plans. Through legislative advocacy, education and collaboration with other member organizations, CAHP works to sustain a strong environment in which our member plans can provide access to products that offer choice and flexibility to the more than 25 million members they serve. For more information, please visit www.calhealthplans.org or call (916) 552-2910.