



FOR IMMEDIATE RELEASE: March 12, 2020

CONTACT:

Dawn Collier, Convergence, dawn@convergencepolicy.org, (916) 718-8572 (Cell)

**BROAD COALITION OF HEALTH LEADERS RELEASES REPORT RECOMMENDING
NEW CALIFORNIA ENTITY TO ADDRESS
HEALTH CARE COSTS AND AFFORDABILITY**

*Group's Year-Long Study Adds Weight to Growing Chorus of Support for
Governor Newsom's Proposed Office of Health Care Affordability*

SACRAMENTO, CA – A diverse coalition of senior health policy leaders today released a report recommending a new California government entity to improve health care affordability, including by setting cost targets for health plans and providers.

California Health Reform Initiative (CHRI) stakeholders, including some who often find themselves on opposite sides, met together in a year-long process to develop this recommendation. The group analyzed health care affordability in California and efforts by other states to address skyrocketing health care costs. The report comes as a growing chorus of health care industry and consumer groups have voiced support for Governor Gavin Newsom's proposal to create a new state Office of Health Care Affordability.

On Monday, the proposal had its first hearing in the Assembly Budget Subcommittee on Health and Human Services. Today (March 12), the Senate Budget and Fiscal Review Subcommittee on Health and Human Services is considering the proposed office.

The report, "[A New State Government Entity to Address Health Care Costs and Affordability](#)," was released by CHRI, a project of Convergence Center for Policy Resolution. Convergence is a nonpartisan, nonprofit organization that brings together thought leaders with divergent views to find common-ground solutions to challenging public policy issues.

CHRI's high-profile stakeholders participated in confidential, facilitated dialogue to exchange ideas and develop trust in order to craft a solution to rising health care costs in California. The broad-based coalition represents consumers, health care providers, insurers, workers, and employers, as well as academics from California's top universities.

Signatories to the report include consumer groups Health Access California, the California Black Health Network, and Western Center on Law and Poverty; America's Physician Groups representing physician group practices; Pacific Business Group on Health, representing private employers and public agencies that purchase health care; and health insurer Blue Shield of California. The head of California Forward and academics from UCLA's School of Public Health, UC Berkeley's Labor Center and Stanford University's Hoover Institution also endorsed the report. The Insure the Uninsured Project (ITUP), the California Foundation for Commerce and Education (an affiliate of the California Chamber of Commerce), and California Pan-Ethnic Health Network were identified in the report as Discussion Participants.

"After a deep dive on these issues for more than a year, a diverse array of experts and stakeholders came to a remarkably similar conclusion as Governor Newsom did. California needs to set targets for health care cost containment, to provide the tools and flexibility to help the industry meet the goals, and the accountability if they don't. California will never reach an affordability target we never set," said Anthony Wright, Executive Director of Health Access California, the statewide health care consumer advocacy coalition.

“Californians rank health care affordability as one of their top concerns, but there’s no state entity that looks at the big picture,” said Vicki Veenker, Director of the California Health Reform Initiative. “Our stakeholders came to a consensus that California would benefit from a government body that would provide transparency about the performance of providers and health plans, and take action to make health care more affordable.”

“Data-based transparency is important to us,” said Bill Barcellona, Executive Vice President of Government Affairs for America's Physician Groups. “We are glad to join other stakeholders to promote accountability for health care cost and quality.”

Health care spending in California continues to outpace inflation and wage growth. According to a California Health Care Foundation report, total health care-related spending for a family with employer-sponsored insurance cumulatively increased by 142% from 2003 through 2018 in California, while median household income grew by only 43%. The average total health-related spending for a family with employer-sponsored insurance (\$24,104) now represents more than one-third (34%) of median household income in California (\$70,489).

The independent report recommends that California establish a government entity to address health care costs and affordability, including by setting annual cost targets that would apply to health care providers and health insurers. Providers and plans that do not keep their annual cost increases in alignment with the yearly cost target may be required to submit performance improvement plans, and in certain cases could face financial penalties. The starting point for this proposal was the Health Policy Commission in Massachusetts, established in 2012, which sets an annual growth target for total health care expenditures for private and public payers. The commission reports that Massachusetts has met or been below the target for four out of the six years in which they have results (2012-2018).

“Health care costs continue to be a major concern for people of color in California,” said Doretha Williams-Flournoy, CEO of the California Black Health Network. “California needs an entity to rein in spiraling health care costs while ensuring it is not at the expense of access, quality or equitable outcomes.”

“California needs a new approach to hold down health care costs so that both workers and employers will experience real savings,” said Bill Kramer, Executive Director for Health Policy at the Pacific Business Group on Health. “Rising health care costs have long been a burden for employers and the people who rely on them for health care benefits. High costs have eaten away at wage and business growth for decades. We are encouraged that many key stakeholders have come together to find solutions to our health care cost crisis.”

“The broad coalition that came out of this process lends credibility and durability to this recommendation,” said Gary Cohen, Vice President of Government Affairs for Blue Shield of California. “There’s a lot of momentum behind this idea because everyone recognizes we have to do something bold to effect the change we need in California.”

ABOUT CHRI & CONVERGENCE

Convergence Center for Policy Resolution is a national, non-partisan non-profit organization that convenes individuals and organizations with different views to build trust, identify solutions and form alliances for action on issues of critical public concern, with staff in California and Washington, D.C. Reports and recommendations issued under our auspices reflect the views of the individuals and organizations who put the ideas forward. Convergence itself remains neutral and does not endorse or take positions on the recommendations of its stakeholders, or propose or endorse legislation.

Signatories to the CHRI Report

BILL BARCELLONA
Executive VP Government Affairs
America's Physician Groups

LANHEE J. CHEN, Ph.D.*
David and Diane Steffy Fellow in American Public Policy Studies, Hoover Institution
Director of Domestic Policy Studies, Public Policy Program
Stanford University

GARY COHEN
Vice President of Government Affairs
Blue Shield of California

JEN FLORY
Policy Advocate
Western Center on Law & Poverty

GERALD KOMINSKI
Senior Fellow
UCLA Center for Health Policy Research

BILL KRAMER
Executive Director for Health Policy
Pacific Business Group on Health

LAUREL LUCIA
Director of the Health Care Program
UC Berkeley Labor Center

MICAH WEINBERG
CEO
California Forward

DORETHA WILLIAMS-FLOURNOY
CEO
California Black Health Network

ANTHONY WRIGHT
Executive Director
Health Access California

* Affiliation is for identification purposes only and does not imply organizational support.

DISCUSSION PARTICIPANTS:

TOM CHURCH
Research Fellow
Hoover Institution

LOREN KAYE

President

California Foundation for Commerce and Education (Affiliate of the California Chamber of Commerce)

DEBORAH KELCH

Executive Director

Insure the Uninsured Project (ITUP)

KIRAN SAVAGE-SANGWAN

Executive Director

California Pan-Ethnic Health Network

###