



**BOARD OF DIRECTORS**

August 7, 2019

Brian Allison  
AFSCME

Mayra Alvarez  
The Children's Partnership

Nancy "Nan" Brasmer  
California Alliance for Retired Americans

Cynthia Buiza  
California Immigrant Policy Center

Michelle Cabrera  
Service Employees International Union  
State Council

Sarah de Guia  
California Pan-Ethnic Health Network

Lori Easterling  
California Teachers Association

Stewart Ferry  
National Multiple Sclerosis Society, MS  
California Action Network

Aaron Fox  
Los Angeles LGBT Center

Roma Guy  
California Women's Agenda

Kelly Hardy  
Children Now

Alissa Ko  
Planned Parenthood Affiliates of California

Kathy Ko Chin  
Asian and Pacific Islander American Health  
Forum

Christina Livingston  
Alliance of Californians for Community  
Empowerment

Joseph Tomás Mckellar  
PICO California

Maribel Nunez  
California Partnership

Gary Passmore  
Congress of California Seniors

Joshua Pechthalt  
California Federation of Teachers

Art Pulaski  
California Labor Federation

Emily Rusch  
California Public Interest Research Group

Thomas Saenz  
Mexican American Legal Defense &  
Education Fund

Joan Pirkle Smith  
Americans for Democratic Action

Horace Williams  
California Black Health Network

Sonya Young  
California Black Women's Health Project

Anthony Wright  
Executive Director

Organizations listed for  
identification purposes

Attorney General Xavier Becerra  
California Department of Justice  
1300 I Street  
Sacramento, CA 95814

Re: Proposed Notice of Joint Venture between  
Adventist Health and St. Joseph's Health System

The Honorable Xavier Becerra,

Health Access California, the statewide health care consumer advocacy coalition working for quality, affordable healthcare for all Californians, respectfully requests the Attorney General to carefully examine the proposed merger between Adventist Health and St. Joseph's Health System and evaluate whether it actually benefits patients, and is in the public interest. We believe this merger raises significant enough concerns and should either require substantial undertakings with any approval or it should face outright rejection.

We respectfully submit the following comments and urge you to impose enforceable conditions to:

- 1) prevent negative consumer impacts on access to essential hospital services, including emergency care, labor and delivery and other vital services documented in the health impact analysis, including specific services for women's reproductive health and LGBTQ communities.
- 2) ensure compliance with existing law and consumer protections,
- 3) maintain and expand charity care obligations, and
- 4) prohibit anti-competitive contracting practices,

**Continue Emergency Departments and Other Critical Hospital Services as well as participation in Medi-Cal and Medicare programs**

The proposed merger between Adventist and St. Joseph's Health System affects 9 hospitals in the region, which includes 5 Adventist hospitals and 4 St. Joseph's hospitals. Four hospital providers in the Napa County alone will be impacted and these hospitals serve significant percentage of Medicare and Medi-Cal patients in the area. These low-income Californians are the most vulnerable and underserved with various health needs, and this merger could likely have significant impacts on the provision of emergency, acute, and specialty care services, and other critical hospital services for community members in the area.

Both Adventist and St. Joseph's hospital systems provide care to large concentrations of low-income Californians, including those on Medi-Cal and Medicare. In addition to serving as a critical provider for low-income individuals, Adventist hospitals are also providers of essential obstetrical and emergency care especially in the Napa area. Adventist Health St. Helena is an important provider of emergency services and important medical or surgical services for the area. The next closest hospital providing inpatient medical or surgical beds is about 20 miles away, and without sufficient capacity for medical or surgical services at the hospital, local residents could be negatively impacted. Similarly, Adventist Health St. Helena provides critical intensive care services, which are an important resource for supporting emergency services and other medical and surgical services.

Additionally, on perinatal/obstetrics, Adventist Health St. Helena already claims its obstetrics and delivery center is financially and operationally difficult, and it plans to close its 7-bed obstetrics unit and relocate future delivery volume to Queen of the Valley Medical Center located about 20 miles away. While Queen of the Valley has the capacity to absorb Adventist Health St. Helena's future projected obstetrics volume, some patients of Adventist Health St. Helena receive sterilization services post-delivery, which would NOT be available at Queen of the Valley Medical Center. The 20-mile distance means that some of those served at Queen of the Valley would be forced to travel even further to receive perinatal/obstetrical care which is often time sensitive. Per the master agreement, after 5 years, Adventist-St. Joseph as a system, can at minimum reduce and at worst eliminate these critical health care services, specifically emergency departments, across many communities, which would impact access to care which could severely impact health outcomes for many patients in the area.

### **Protections for LGBTQ and Reproductive Health Services**

Additionally, the two hospital systems have distinct missions and will continue to operate under their own faith based traditions, religious mission and values. This gives us great pause given the possibility of both systems deciding to eliminate reproductive and LGBTQ health services which could have a significant impact on health care access and health outcomes.

If such a merger is approved, the Attorney General's conditions must include strong and enforceable conditions that ensure vital health care services, including women's reproductive and LGBTQ health services, continue to be available to the communities served by all of the involved the hospitals.

### **Continue and Expand Charity Care**

Charity care also continues to be a needed and valued part of our health care safety net, both for those who do not have coverage (the uninsured) and those who have unaffordable cost-sharing (the underinsured). The five-year (FY 2013- 2017) average of charity care and bad debt for Adventist Health St. Helena, as a percentage of gross patient revenue was 1.2%. This is lower than the four-year statewide average of 2.6%. This percentage should be increased to meet the statewide average at a minimum of 2.6%. After 5 years, should this merger be approved without strict and clear charity care and community benefits conditions; this new hospital corporation will be free to skirt future charity care and community benefits obligations. At the bare minimum,

requirements should include compliance with California law, including the Hospital Fair Pricing Act, but more should be done to protect consumers.

### **Prevention of Anti-Competitive Practices**

Finally, as we noted in our previous letter jointly authored with the California Labor Federation dated September 19, 2018, also enclosed here, the merger also raises significant concerns about consolidation and the impact on health care prices for hospital. We are not only concerned about the significant health care market concentration with this proposed merger, we are also concerned about the potential of the merged hospital systems to engage in anti-competitive contracting practices given that concentration, and essentially market power.

Hospitals make up more than a third of the cost of care so they are an important driver of premiums. The regions served by these hospitals already have among the highest health care costs in California. Some hospital systems in highly concentrated markets have engaged in anticompetitive behavior similar to that which would be prohibited under the proposed conditions. These practices insulate hospitals from market competition and allow them to charge inflated prices to purchasers, which in turn drives up health care costs for all consumers and purchasers, including both employers and trust funds purchasing on behalf of workers.

If it is not the intent of the Adventist-St. Joseph's joint venture to engage in such behavior, then conditions preventing them from engaging in anti-competitive practices should be acceptable to them. This region is already one of the higher cost regions in California as evidenced by the premiums charged individuals in Covered California, and conditions preventing manipulation of the market should absolutely be considered. Data has consistently proven further consolidation of hospital systems has been strongly correlated with higher premiums, and if it happens, consumers in the area will feel the impact.

We thank the Attorney General's office for holding public meetings and considering these comments. If needed, we are happy to provide more information to bolster the need for these conditions.

Sincerely,



---

Anthony Wright  
Executive Director