

# IT'S TIME FOR CALIFORNIA TO STOP UNCHECKED GROWTH IN HEALTH CARE COSTS

*Californians are facing an affordability crisis on many fronts, but crushing increases in health care costs are at the top of the list because when we can't afford health care, it's not just our pocketbooks that are at stake, it's our lives. But a new proposal from Gov. Gavin Newsom to create the Office of Health Care Affordability would put in place a comprehensive strategy to limit future cost growth while also providing a holistic view of California's health care marketplace and drive innovation in payment and delivery of care.*

## THE PROBLEM

Soaring costs take a bite from employers and workers' wages: In California, health insurance premiums for employer coverage increased by 249% between 2002 and 2017, six times the rate of general inflation.<sup>1</sup>

We are paying more, but getting less: Compared to consumers in other developed countries, Americans receive less care, including fewer doctor visits despite the high costs.<sup>2</sup> Meanwhile, health outcomes in terms of illnesses, health status, and life expectancy are no better in the U.S. and, on some measures, are even worse than other wealthy nations.<sup>3</sup>

## CALIFORNIANS ARE STRUGGLING TO AFFORD THEIR CARE

While California has made enormous progress in extending health care coverage to millions of people in our state, the spiraling cost of care is still a huge obstacle to consumers, even when they have insurance coverage. Californians rank health care affordability as a top priority, with 84% calling it "extremely" or "very" important, according to a poll released in February 2020 by the California Health Care Foundation (CHCF). The worry Californians experience about costs has direct implications for their care. The same survey reported that more than half of adults skipped or postponed care because of the cost, and 42% felt the consequences in worse health outcomes.

## CALIFORNIA CAN MAKE HEALTH CARE MORE AFFORDABLE

The Governor's budget proposal to create the Office of Health Care Affordability has the support of a broad range of organizations, including consumer, labor, business, health providers and health care plans. This diverse coalition recognizes the urgent need to address the affordability crisis in California and stands ready to work together to meet the goals set forth by the Office.

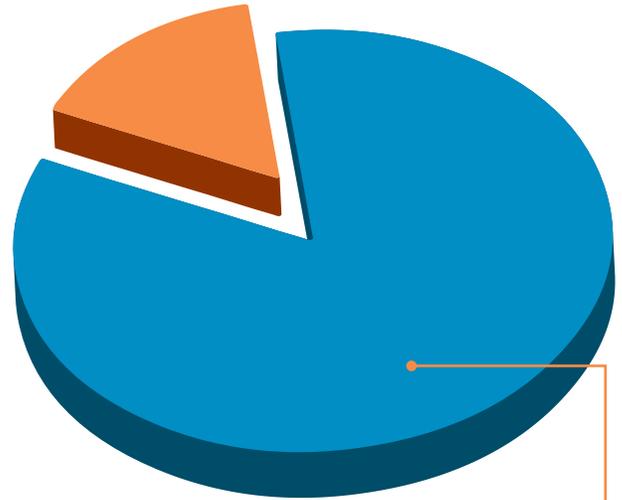
<sup>1</sup> California Health Care Foundation, **Employer Health Benefits: Workers Shoulder More Costs**, June 2018

<sup>2</sup> Commonwealth Fund, **U.S. Health Care from a Global Perspective, 2019: Higher Spending, Worse Outcomes?**, January 2020

<sup>3</sup> Papanicolas, Woskie, Jha, *Journal of American Medicine*, **Health Care Spending in the United States and Other High-Income Countries**, March 2018

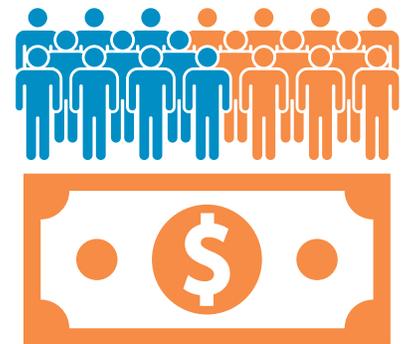
## THE OFFICE OF HEALTH CARE AFFORDABILITY WILL:

- Set health care cost growth targets across the entire health care industry, with the goal of ensuring health care costs do not continue to outpace inflation.
- Provide tools and strategies for the health industry to meet these targets.
- Ensure accountability for the health industry to meet the growth targets, including corrective action plans and financial consequences.
- Return savings to consumers who are directly impacted by increasing health care costs while not diminishing quality, access, equity or workforce standards.
- Monitor consolidation and other market failures in the health care system contributing to skyrocketing health care cost growth.
- Promote innovation in health care payments and delivery, to increase quality and improve health outcomes for consumers.
- Reduce administrative waste and promote simplification and streamlining of processes within the health care system.
- Ensure data is shared appropriately within the health care system in order to lower costs while improving the quality and experience of health care in California.
- Create a framework to examine drivers of spending on pharmaceuticals.



**84% OF CALIFORNIANS**  
SAY HEALTHCARE COSTS ARE  
VERY OR EXTREMELY IMPORTANT

MORE THAN  
**50%**  
REPORT  
SKIPPING  
CARE BECAUSE  
OF COSTS



**42%**  
SAID DELAYED CARE DUE  
TO HIGH COST MEANT  
**WORSE HEALTH  
OUTCOMES**

