

SB 977 (Monning) – Is Bigger Really Better? Consolidation and Anti-Competitive Behavior in Health Care

Does bigger really mean better in health care? Robust academic literature demonstrates that **health care consolidation in fact leads to higher costs without improving quality or maintaining access to care.** SB 977 (Monning) would strengthen and extend the oversight of the California Attorney General over new health care mergers, acquisitions and other transactions and give the Attorney General additional authority to counter the anti-competitive effects of health care consolidation. SB 977 builds on the existing role of the Attorney General in giving a voice to patients and the public in hospital transactions.

What is the Impact of Health Care Consolidation?

- The higher the degree of consolidation of health systems, the higher the premiums paid and the higher the cost of various procedures; which means more money coming out of the pockets of consumers.
- Consolidation often leads to reorganization of service delivery, which can result in fewer choices and less access to care.
 - For example, past consolidation has resulted in cutting off access to care for emergency rooms, reproductive health services, labor and delivery, and LGBTQ health services – especially in more rural areas.

How does SB 977 (Monning) Protect Consumers?

- Extends and strengthens the Attorney General's oversight of health care transactions when a large hospital system, private equity fund, or hedge fund acquires another health facility or physician group through a change of governance or control.
- Applies to all types of large hospital systems, including non-profit, for-profit, district hospitals and county hospitals.
- The Attorney General would either approve, deny, or approve a transaction with conditions within 30 days or 60 days, depending on the nature of the transaction.
- Strengthens the authority of the Attorney General to determine whether the transactions are in the public interest in terms of balancing anticompetitive effective with extending access to underserved populations, furthering clinical integration, or both.
- Curbs anti-competitive behavior by proposing that if a health system has substantial market power, then that health system could not engage in practices such as “tying” or “exclusive dealing”.