In health care, bigger is often not better, it’s just more expensive. Robust academic literature demonstrates that health care consolidation leads to higher costs without improving quality or maintaining access to care. In fact, health care prices have less to do with the cost of providing care, the quality of care, or improving health outcomes and more to do the relative size and market power of health monopolies to be able to charge what they want to.

California has an opportunity to tackle this issue in a big way. That’s why a broad coalition of organizations have come together to support AB 2080 (Wood) which would strengthen and extend the oversight of the California Attorney General over new health care mergers, acquisitions, and other transactions and as well as prohibiting anti-competitive contracting provisions that lead to monopoly type power. AB 2080 builds on the existing successful role of the Attorney General in giving a voice to patients and the public in hospital transactions that have significant impacts on their health care and communities.

Health care corporations shouldn’t be calling all the shots when it comes to our care.

What is the Impact of Health Care Consolidation and Monopolies?

Studies show that mergers lead to prices that are 20% to 40% higher for hospitals and 10% to 20% higher for physician practices post-merger, with little improvement in quality or even negative impacts on care. Post-merger studies have shown higher mortality rates for some conditions. The higher the degree of consolidation of health systems, the higher the premiums paid and the higher the cost of various procedures – taking more money out of consumers’ pockets.

Consolidation often leads to reorganization of service delivery, which can (and has) resulted in fewer choices and less access to care. Past consolidation has resulted in cutting off access to care for emergency rooms, reproductive health services, labor and delivery and services for LGBTQ patients – especially in more rural areas.

How Does AB 2080 Protect Consumers?

AB 2080 would extend the Attorney General’s (AG) review authority beyond already existing non-profit hospital mergers to more health care transactions involving medical groups, health systems, pharmacy benefit managers, health plans, health insurers and hospitals.

This will allow the AG to look out for the public interest in many of these transactions - evaluating the impacts they will have on the health care market, costs, access to and quality of care, including culturally competent care, and specifically impacts on access in rural areas - where closure of hospitals and services have a particular impact on the distance that patients must travel to seek care.
Does AG Oversight Work?

Former Attorney General Xavier Becerra used the office’s century-old authority over market conduct to join a lawsuit against Sutter Health for anti-competitive practices that led to higher health care costs for consumers in Northern California compared to other places in the state. Research shows that consolidation in Northern California has led average inpatient procedure costs to be nearly twice that of Southern California. The Judge approved a settlement that requires Sutter to pay a landmark $575 million in compensation, prohibits specific anticompetitive conduct and requires Sutter to follow specific practices to restore competition in California’s healthcare markets.

AB 2080 will curb anti-competitive behavior that drives up health care costs by extending the pro-consumer provisions of the landmark Sutter settlement industry-wide, prohibiting specific anti-competitive behaviors by physicians, other health professionals, hospitals, health plans and health insurers.

The coalition of groups and organizations represented below supports AB 2080 because it’s time we fix our health care system so that it provides the best quality care, the lowest cost, and the most choices for all of us – and stop letting corporations do what’s most profitable at the expense of our health.

For more information, contact Katie Van Deynze, Health Access (kvandeynze@health-access.org)