



BOARD OF DIRECTORS

November 20, 2020

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

Re: Proposed Notice of Change in Control and
Governance of Huntington Hospital and Cedars-Sinai

Dear General 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 Pasadena
Hospital Association, Ltd. (Huntington Hospital) and Cedars-Sinai to evaluate
whether it actually benefits patients, and is in the public interest. We believe this
merger may raise significant concerns as it relates to competition and should require
imposing conditions to protect patient-consumers 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 community benefit
obligations, particularly to under-served communities, and
4) prohibit anti-competitive contracting practices,

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

We are disappointed to learn from the Health Impact Analysis that Cedars-Sinai
intends to continue only a subset of the existing services provided by the Huntington
facility. Among the services to which Cedars-Sinai did not commit to maintain are
important services needed by any community, including inpatient pediatrics,
gastroenterology, lung and kidney services, extensive imaging services, and a 41-bed
acute psychiatric facility with 5150 authority. “Women’s health services” which the
hospital promises to maintain is not defined and may or may not include all of the
important obstetrical and gynecological services currently offered, such as labor and

- Alia Griffing
AFSCME
Mayra Alvarez
The Children’s Partnership
Nancy “Nan” Brasmer
California Alliance for Retired Americans
Cynthia Buiza
California Immigrant Policy Center
Alma Hernandez
Service Employees International Union
State Council
Kiran Savage-Sangwan
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
Andrea San Miguel
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
Jeff Frieras
California Federation of Teachers
Art Pulaski
California Labor Federation
Emily Rusch
California Public Interest Research Group
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

delivery. The services excluded from the list of services to be maintained by Cedars-Sinai are important services in any community. We urge the Attorney General to establish a condition that preserves all existing services for at least 10 years.

We are pleased to see that Cedars-Sinai intends to continue to participate in both Medi-Cal and Medicare though we note that the Medi-Cal participation is lower the percentage of Los Angeles County residents on Medi-Cal and thus increased Medi-Cal participation may be in order. Medi-Cal serves low-income Californians, who 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 if these services are not preserved. The population served by Huntington is older on average than that of LA County or California: for this reason, a 10-year commitment to serve those on Medicare becomes even more important than for other hospitals. Along with imposing a condition to preserve services for at least 10 years, we urge the Attorney General to establish a condition to maintain contracts for Medi-Cal and Medicare services for 10 years from the date of the transaction.

Protections for LGBTQ and Reproductive Health Services

Additionally, though the two hospital systems have similar missions and will continue to operate most services, we believe it will be important for the Attorney General to impose 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 to maintain key services and support positive health outcomes.

Continue and Expand Charity Care and Community Benefits Services

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). We ask that the Attorney General ensure that the hospital meets the bare minimum of requirements in compliance with California law, including the Hospital Fair Pricing Act, including assuring compliance with a payment standard that is not based on a percentage of billed charges but rather is consistent with H&S 127400 (i) , the amount the hospital would expect to receive in payment from Medicare or Medi-Cal. Also, property ownership is not relevant to the determination of discount payment eligibility but is apparently used by Huntington Hospital (see p. 106 of the Health Impact Analysis). It is also odd that the financial assistance policy does not reflect that "General Relief" is an outdated concept in the wake of the implementation of the Medicaid expansion in California in 2014. We appreciate that the discounts may appear significant but if they are discounts from billed charges, those discounts are contrary to California law. .

Much of the community benefit appears aimed at an affluent population rather than the underserved areas in the hospital service area. For example, a career academy in Pasadena as well as other education of health professionals are more likely to serve the children of the affluent than those from underserved areas and under-represented communities. Other "community" benefits are also aimed at the relatively affluent Pasadena rather than at medically underserved areas and populations that are not immediately proximate to the hospital, whether it is South El Monte, Commerce, Bell or Pico Rivera. While integrative oncology that includes yoga and acupuncture

may be very helpful to some, the point of community benefit is to help the underserved, not the affluent. We recognize that some of the services under community benefit do target the uninsured or underinsured but many do not. A greater emphasis on serving the under-served would benefit parts of Los Angeles County that are under-served rather than Pasadena.

Cedars-Sinai appears to be committed to maintaining existing charity care and community benefits services, but if this transaction is approved, we urge the Attorney General to impose a 10year condition to maintain these levels and also to assure that the community benefit efforts are largely aimed at the under-served, not the affluent

Prevention of Anti-Competitive Practices

One of the reasons cited for this merger is increasing consolidation in the LA area, that would put Huntington hospital at a competitive disadvantage if it remained an independent, stand alone, hospital provider. Given this cited reason by Huntington, this 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 the resulting concentration and new market power.

The map provided on page 52 of the Health Impact Analysis makes clear that the combination of Huntington Hospital and the other hospitals governed by Cedars Sinai will serve the most affluent parts of Los Angeles, while avoiding the less affluent areas. Affluent areas are perhaps even more likely to suffer from anticompetitive behavior that drives up health care costs on the premise that costs will rise to what the market can or will bear. More affluent Californians deserve protection against anti-competitive behavior in market behavior as all other Californians. An ability to raise prices for this market segment would impact the market as a whole.

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 are experiencing increases in health care costs as more consolidation occurs throughout the Los Angeles and Southern California generally. Some hospital systems in highly concentrated markets have engaged in anticompetitive behavior 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 Huntington and Cedars-Sinai merger to engage in such behavior, then conditions preventing them from engaging in anti-competitive practices should be acceptable to them. Ten year conditions preventing manipulation of the market should absolutely be required. 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 a virtual public hearing and for considering these comments. If needed, we are happy to provide more information to bolster the need for these conditions we have requested.

Thank you for your consideration. Please contact my Policy Director, Ron Coleman, with any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Anthony Wright". The signature is stylized and cursive.

Anthony Wright
Executive Director