



Protect CA Patients Fact Sheet

In health care, bigger isn't always better. Hospitals are merging and health systems are getting larger without oversight, but **our care is getting more expensive and harder to access.**

Health care isn't just a business.

Businesses prioritize profits. When health systems and hospitals acquire other hospitals and medical groups without oversight, they can cut services that are not considered profitable or are duplicative for the larger health system - but for patients, this can mean services are no longer available at their local hospital.

- These eliminated services have included trauma centers, emergency rooms, and cardiac services.

This has a severe impact on all residents, and especially in rural California, where patients are increasingly being forced to travel long distances for quality care.

We need more oversight to protect patients over profits.

Over decades, the state Attorney General has had the role to oversee mergers of nonprofit hospitals, and would place conditions to ensure access to care. One example among many was in 2020, then [Attorney General Becerra conditionally approved the sale of St. Francis Medical Center](#), a nonprofit hospital in Southeast Los Angeles, to Prime Healthcare, a large for-profit health system.

Under these conditions, the AG required that Prime keep the hospital open and maintain existing cardiac, cancer, 24-hour emergency, and trauma services, and reproductive care, among several other protections, for at least ten years. However, the AG has no authority to review or place similar conditions on other health industry mergers, that may include for-profit hospitals chains, medical groups or private equity.



Religious hospital chains are merging at alarmingly high rates.



Religiously affiliated systems require the facilities that they purchase to adhere to their restrictions on the provision of reproductive and gender-affirming care, reducing access to vital care for California communities.

Despite Californians overwhelmingly passing an amendment to enshrine the right to reproductive health care in the state constitution, simply having this right does not necessarily mean that all of us have access.

The growth of restrictive hospitals is reducing the number of facilities where Californians can access the full breadth of reproductive health care and, for some communities, there is only one option for this type of care nearby. That option could be eliminated by a merger. In 2022, Catholic health care providers operated approximately [52 hospitals in the state of California](#). These facilities provide needed care to lower-income populations, but severely limit reproductive and gender-affirming care.

[The Ethical and Religious Directives for Catholic Health Care Services](#), which are enforced by the U.S. Conference of Catholic Bishops, set forth standards for the provision of care at Catholic health care facilities. The Directives prohibit virtually all abortions, in-vitro fertilization, the distribution of contraceptives, assisted suicide, and gender-affirming care such as hormone treatments and surgeries for transgender patients, among other treatments.

- These Catholic hospital networks are expanding their influence. A 2016 study found that [1 in 6 hospital beds in California is in a Catholic facility that restricts reproductive care and gender-affirming based on religious grounds](#).
- In Washington State, [nearly 50% of hospital beds are in facilities that restrict reproductive and gender-affirming care](#), a number that increased significantly due to a recent merger that took place without oversight. This is a warning sign for California.



In addition to the proliferation of Catholic hospital networks in California, Seventh-day Adventist facilities are also [expanding their footprint](#). Seventh-day Adventist Church policy opposes abortion and the "[homosexual lifestyle](#)," but approves of contraception, sterilization, and in-vitro fertilization. Without oversight, these values seep into the care that is made available.

While religious freedom is important, it **should not** be used to restrict other people's care and harm them.

We need more oversight to protect patients from religious restrictions.

In 2014, [then Attorney General Harris conditionally approved an affiliation between Hoag Memorial](#), a nonprofit hospital in Orange County, and St Joseph Health, a large nonprofit Catholic hospital chain.



Under these conditions, St. Joseph was legally prevented from applying religious limits on care, including reproductive care and gender-affirming services. When St. Joseph merged with Providence Health & Services in 2016, Attorney General Harris required that the merged enterprise accept all of the 2014 conditions. Under existing law, the AG only has oversight when two nonprofit hospitals merge, or a nonprofit hospital is acquired. The AG does not have oversight when a nonprofit religiously-affiliated health system acquires a county hospital, for-profit hospitals, and other entities that are not nonprofit hospitals.

Less competition in health care means higher costs.

Health prices in California have less to do with the cost of providing the care, the quality of care, or the health outcomes, than with the relative size and market power of health providers to be able to charge whatever they can.

[Robust research shows](#) that mergers and takeovers do not improve quality or equity in our care but instead drive higher prices and provide less options for consumers.

- Post-merger hospital prices increased 20% to 40%, and 10% to 20% for physician practices. This means more money out of the pockets of consumers.
- Due to mergers in Northern California's health care market, [care in the region is nearly 2x more expensive than care in Southern California](#). In fact, [Sacramento is the most expensive city in the U.S. to give birth](#).



While hospitals point to patient protections, worker ratios, seismic standards, and more for higher costs, those requirements are all the same statewide. What is different—and correlates with significantly higher prices—is consolidation.

These increasing health costs drive up our insurance premiums and, with health coverage taking bigger chunks out of our paychecks, this puts a further squeeze on household income.

The rising cost of health care has become a major barrier to wage growth at the bargaining table and [evidence shows that mergers can decrease wage growth for hospital employees](#). The cost of care has become a major factor for union strikes across the state.

We need to ban anti-competitive practices that drive up costs.

In Northern California, Sutter Health is a prime example of anti-competitive contracts driving higher prices. In 2019, [a settlement reached between California's Attorney General and Sutter Health](#) required Sutter to pay \$575 million in compensation, prohibits anti-competitive conduct, and requires them to follow practices to restore competition in California's health care market.

Merger oversight protects patients.

Legislative action, through the enactment of [AB 1091 \(Wood\)](#), would provide needed oversight to ensure public scrutiny over this harmful trend and ensure that when any hospital chains and health systems merge, it is done in the best interest of the Californians they serve.

The provisions and processes of AB 1091 are well-worn and familiar to the health industry. AB 1091 simply extends existing authorities, closing loopholes and creating a level playing field for the industry as a whole.

For decades, [the AG has reviewed, held public meetings, imposed conditions, and approved nonprofit hospital mergers](#), and AB 1091 would place the same oversight on for-profit hospitals, medical groups, and the like.

The protections against anti-competitive practices are what Sutter agreed to in its settlement, and now abides by. AB 1091 would extend those protections industry-wide, to prevent the rest of the health care industry from driving up prices using the same tactics.

AB 1091 would continue to allow mergers—and even require a decision on approving a merger within 90 days—but it would also allow the same public meeting process and consideration and potential conditions as nonprofit hospitals now face today.

With increasing mergers, the health system that we all rely on is dramatically changing under our noses, and only a portion of these deals get any public scrutiny or input. Without oversight, the State has no tools to intervene to prevent negative impacts of mergers and protect patients.

With access to abortions and high costs being top voter concerns, shouldn't the public have the ability to ask and get consideration and conditions to keep key services available? To ask how a merger will impact prices?

The California State Legislature must act now to #ProtectCAPatients.



For more information on how to get involved, reach out to contact@protectcapatients.org.