

Newsom signs budget bill that includes Wood's health care priority

July 13, 2022



Last week, Governor Newsom signed legislation that creates the Office of Health Care Affordability, Assemblymember Jim Wood's (D-Santa Rosa) top priority health care legislation.

The budget bill, AB 184, contains language creating OHCA. A previous budget bill provided the funding needed for implementation.

"As a health care provider of 30 years and chair of the Assembly Health Committee for the past 7 years, I have had the opportunity to delve deeply into health care policy, and I've watched the costs rise year after year without the state's ability to undertake a comprehensive review of why or what to do about it," said Wood.

Wood originally introduced AB 1130 in February 2021, to create an office that would collect and analyze the health care market for cost drivers and trends in order to develop data-informed policies and enforceable cost targets, with the goals of containing health care costs and providing quality and affordable health care to all Californians.

Earlier this year, AB 1130 was referred to the Senate Health Committee where it provided an opportunity for Wood and the administration to work with the Senate on language that ultimately the assembly, Senate and administration agreed on and was placed into a budget trailer bill.

"This office will require all health care entities that are dominant in an area that has a significant impact on pricing – including health care service plans, health insurers, hospitals, and physician organizations – to provide that data this office will need to contain costs, data we don't currently have."

National health spending is projected to grow at an average annual rate of 5.4 percent for 2019-28, much faster than the average annual – and pre-pandemic – growth of 4.2% from 2010 to 2019.

“Bottom line, health care is too expensive, its growth rate is unsustainable and we have to do something,” said Wood. “This is my most important work to date. The creation of OHCA has been a true partnership with Governor Newsom and his administration, my colleagues in the Assembly and Senate as well as a collaboration of many stakeholders including the health care entities that will be required to provide data as well as the people who are paying for and receiving care.”