

March 15, 2023

The Honorable Susan Talamantes Eggman, Chair
Senate Health Committee
1021 O Street, Suite 3310
Sacramento, CA 95814

RE: SB 774 (Jones) – Attorney General Oversight over Nonprofit Hospital Mergers – OPPOSE

Dear Chair Eggman,

As a leading representative of the four million small businesses in California, Small Business Majority writes to oppose SB 774 (Jones), which would severely limit the authority of California's Attorney General to protect access to and affordability of hospital services provided by most hospitals in California. This would in turn impact healthcare costs for Californians, including members of the small business community who already struggle with access to affordable care.

Small Business Majority is a national small business organization with multiple offices throughout California that empowers America's entrepreneurs to build a thriving and equitable economy. We actively engage small businesses and policymakers in support of solutions that promote small business growth. A key component of our work involves outreach to small business owners on a range of small business issues, including access to capital, workforce issues, healthcare and more.

For almost 30 years, Attorneys General of both parties, dating back to Republican Dan Lungren, have used the authority of the Attorney General's office to protect hospital services in communities and in more recent years, to prevent uncontrolled price hikes. Services that the Attorney General has prevented from being cut through this authority have included emergency rooms, labor delivery, reproductive healthcare, gender-affirming care, charity care and more.

Under SB 774, regardless of the impact of a proposed nonprofit merger on the health of the community, the Attorney General could not impose conditions to protect access to care or prevent price hikes by acquiring entities. This bill would prevent the Attorney General from even considering the impact on the health community or the public interest, focusing only on the financial interest of the seller.

If SB 774 is enacted, the Attorney General would be forced to stand by while an acquiring hospital:

- Shuts down the emergency room
- Eliminates labor and delivery services
- Closes other hospital units
- Consolidates the entire hospital into another hospital
- Restricts reproductive health services and prohibits services for LGBTQ patients, including gender-affirming care
- Zeroes out charity care and community benefit
- Undervalues the assets of the hospital

- Engages in self-inurement of the non-profit board and management
- Hikes prices as high as 400% or 500% of Medicare
- Imposes anti-competitive conditions in its contracts

Under SB 774, the selling non-profit could “freely enter” into contracts to do any or all of these things.

According to [our recent polling](#), bringing down the cost of healthcare is small business owners’ top priority for policymakers, while 69% of small business owners rank the cost of healthcare as a top issue facing their business.

SB 774 would severely restrict the Attorney General’s authority to protect access to care and keep care affordable at local nonprofit hospitals when they are acquired by another hospital. For these reasons, Small Business Majority urges your No vote on SB 774 (Jones).

Sincerely,



Bianca Blomquist
California Policy Director
Small Business Majority

cc: Senate Minority Leader Jones, Author
Senator Grove, Author
Members, Senate Health Committee