

May 16, 2024

# Assembly Floor Alert

## AB 3129 (Wood) – SUPPORT



The undersigned organizations are pleased to support **AB 3129 (Wood)**, which would extend the California Attorney General’s oversight authority to private equity and hedge fund acquisitions of health care facilities including hospitals, skilled nursing facilities, and physician groups. As private equity’s role in health care grows and greater consolidation continues to drive up costs and reduce access to care, this bill will extend existing Attorney General authority to act on behalf of consumers to protect access to affordable and quality health care.

Robust academic research shows that health care mergers and takeovers do not improve quality or equity, but instead increase prices for care. The same is true for private equity takeovers, with added danger to consumers since private equity’s goal is to maximize quick profits which is often at the expense of quality, affordability, and accessibility to care. In communities where private equity dominates physician specialties, **price increases are up to 3 times higher**. And research has shown there are dangerous impacts of private equity acquisition on health outcomes in hospitals and skilled nursing homes, **including higher death rates in nursing homes**.

For decades the Attorney General has protected health consumers with oversight over nonprofit health care mergers, with the authority to review proposed mergers for their impacts on the health of communities, and approve, deny or approve with conditions these acquisitions. AB 3129 expands this authority to include private equity and hedge fund acquisitions to protect consumers from potential negative impacts before harm can be done. Under existing law, no other state entity, including the newly created Office of Health Care Affordability, has this power.

**Under AB 3129:**

- The Attorney General can approve, deny or approve the acquisition with conditions to protect consumers from negative impacts on access to and quality of care, as well as price hikes.
- The Attorney General will undergo a 90-day review process and evaluate these transactions for their impacts on competition and access or availability of health care services in the community, and the public interest.
- The public has a voice in these transactions, as the bill allows the Attorney General to hold public hearings about the acquisition in the impacted communities.
- Financially distressed health facilities and physician groups can apply for a waiver from the review. The Attorney General will consider the impacts of the acquisition on the community and health care market when deciding whether to grant the waiver.

Private equity and hedge fund managers and their investors often have little knowledge of health care, and aggressively pursue quick profits, with higher risks for the patients served by the health care entity they take over. As they buy up local hospitals, skilled nursing facilities and doctor's offices, patients pay higher prices and often receive lower quality care.

AB 3129 is a critical bill to protect consumers' health and the public interest when private equity and hedge funds propose acquisitions in our health care system.

**For these reasons, our organizations are pleased to SUPPORT AB 3129, and we respectfully request your AYE vote.**

AFSCME California  
Access Reproductive Justice  
California Black Health Network  
California Labor Federation, AFL-CIO  
California Pan Ethnic Health Network  
California Physicians Alliance  
California Public Interest Research Group  
Courage California  
Economic Security California Action  
Leukemia and Lymphoma Society  
Health Access California  
Nextgen California  
Public Law Center  
Purchaser Business Group on Health  
SEIU California  
Small Business Majority