February 25th, 2022

The Honorable Dr. Richard Pan  
Chair, Senate Health Committee  
1021 O Street Room 3310  
Sacramento, CA 95814

CC: The Honorable Jim Wood

RE: AB 1130 (Wood) California Health Care Quality and Affordability Act _ SUPPORT

Chair Pan,

The California Alliance for Retired Americans (CARA), one of the state’s foremost grassroots senior and disability advocacy organizations, representing over 1 million Californians, is proud to support AB 1130 (Wood), which establishes the Office of Health Care Affordability; designed to analyze health care market cost trends and drivers with the intention to direct state policy strategy to ensure affordability, quality and equity for health care consumers.

Older adults and Seniors comprise a significant base of the health care consumer population, which is projected to expand exponentially by 2030 - surpassing 20% of the total state population - yet health care costs are dramatically outpacing wage growth and cost of living adjustments to retirement income, if any, which exacerbate health care and access disparities for all Californians in our multi-payer, for-profit, health care system. Many older adults and Seniors often live on the fringes of poverty (near, at, or below the poverty line); do not work, or are surviving on fixed incomes. Health care costs are eviscerating what’s left of their financial security. Moreover, according to the Committee for a Responsible Federal Budget, the Medicare Part A trust fund will run out of its reserve by 2026; the Social Security Old-Aged and Survivors Insurance trust fund will be depleted by 2033; and the Disability Insurance trust fund by 2057. The increased cost to Medicare enrollees for the standard Part B alone is nearly 15 percent for 2022. With the expansion of Medicare privatization, insurance companies are increasing their profits, while costs continue to escalate. Seniors face less consumer choice and unwarranted health care services denials. In fact, the 2018 Office of Inspector General reported that "CMS cited 56 percent of audited contracts for making inappropriate denials." This is wrong.

AB 1130 (Wood) implements a methodical, proactive, state strategy to develop cost containment measures to control rising health care costs. The creation of the Office of Health Care Affordability, designed to gather and analyze data/trends on health care consumption and cost drivers, with the implementation of the Health Care Affordability Board to synthesize and execute these recommendations, serves as the coordinated state effort our
older adults, Seniors, and all Californians urgently need to ensure we advance equity, quality and opportunity in our health care.

Affording Seniors viable resources to age with grace, dignity and independence - such as establishing a state coordinated effort to ensure health care affordability - not only represent CARA’s foundational principles but we believe will deliver a more equitable, accessible, and inclusive California for our aging community; AB 1130 (Wood) codifies these aspirations into law by establishing the Office of Health Care Affordability.

CARA respectfully urges your AYE vote on AB 1130 (Wood).

Sincerely,

Hene Kelly
Chair, Legislative Committee
California Alliance for Retired Americans (CARA)

Keith Umemoto
Co-Chair, Legislative Committee
California Alliance for Retired Americans (CARA)