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**AB-278 Health care affordability.** (2025-2026)

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

**ASSEMBLY BILL**

**NO. 278**

Introduced by Assembly Member Ransom

January 21, 2025

An act to amend Section 127501.11 of the Health and Safety Code, relating to health care.

**LEGISLATIVE COUNSEL'S DIGEST**

AB 278, as introduced, Ransom. Health care affordability.

Existing law establishes the Office of Health Care Affordability within the Department of Health Care Access and Information to analyze the health care market for cost trends and drivers of spending, develop data-informed policies for lowering health care costs for consumers and purchasers, and create a state strategy for controlling the cost of health care. Existing law establishes the Health Care Affordability Board to establish, among other things, a statewide health care cost target and the standards necessary to meet exemptions from health care cost targets or submitting data to the office. Existing law authorizes the office to establish advisory or technical committees, as necessary, in order to support the board's decisionmaking.

This bill would require the board, on or before June 1, 2026, to establish a Patient Advocate Advisory Standing Committee, as specified, that is required to publicly meet, and receive public comments, at least 4 times annually. The bill would require the committee to include specified data from the meetings to the board as part of its annual report.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:**

**SECTION 1.** Section 127501.11 of the Health and Safety Code is amended to read:

**127501.11.** (a) After receiving input, including recommendations, from the office and the advisory committee, and receiving public comments, the board shall establish all of the following:

(1) A statewide health care cost target.

(2) The definitions of health care sectors, which may include geographic regions and individual health care entities, as appropriate, except fully integrated delivery systems as defined in subdivision (h) of Section 127500.2, and specific targets by

health care sector, which may include fully integrated delivery systems, geographic regions, and individual health care entities, as appropriate.

(3) The standards that need to be met for exemption from health care cost targets or submitting data directly to the office, including the definition of exempted providers.

(b) The board shall approve all of the following:

(1) Methodology for setting cost targets and adjustment factors to modify cost targets when appropriate.

(2) The scope and range of administrative penalties and the penalty justification factors for assessing penalties.

(3) The benchmarks for primary care and behavioral health spending.

(4) The statewide goals for the adoption of alternative payment models and standards that may be used between payers and providers during contracting.

(5) The standards to advance the stability of the health workforce that may apply in the approval of performance improvement plans.

(c) The director shall present to the board for discussion all of the following:

(1) Options for statewide health care cost targets, specific targets by health care sector, including fully integrated delivery systems, geographic regions, and individual health care entities, as appropriate.

(2) The collection, analysis, and public reporting of data for the purposes of implementing this chapter.

(3) The risk adjustment methodologies for the reporting of data on total health care expenditures and per capita total health care expenditures.

(4) Review and input on performance improvement plans prior to approval, including delivery of periodic updates about compliance with performance improvement plans to inform any adjustment to the standards for imposing those plans.

(5) Review and input on administrative penalties to inform any adjustments to the scope and range of administrative penalties and the penalty justification for assessing penalties.

(6) Factors that contribute to cost growth within the state's health care system, including the pharmaceutical sector.

(7) Strategies to improve affordability for both individual consumers and purchasers of health care, including data collection, targets, and other steps.

(8) Recommendations for administrative simplification in the health care delivery system.

(9) Approaches for measuring access, quality, and equity of care.

(10) Recommendations for updates to statutory provisions necessary to promote innovation and to enable the increased adoption of alternative payment models.

(11) Methods of addressing consolidation, market power, and other market failures.

(d) (1) To support the board's decisionmaking, the board may request data analysis to be conducted or collected by the office.

(2) The office may establish advisory or technical committees, as necessary. The office shall establish advisory or technical committees at the request of the board. These committees may be standing committees or time-limited workgroups, at the discretion of the board. Members of these committees shall comply with the requirements in paragraph (1) of subdivision (c) of Section 127501.10. A committee established by the board may include members who are health care entities, consumer organizations representing health care consumers or patients, organized labor representing health care workers, or patients or caregivers of patients with a chronic condition requiring ongoing health care, which may include behavioral health care or a disability.

*(e) (1) On or before June 1, 2026, the board shall establish a Patient Advocate Advisory Standing Committee that shall be composed of at least the following:*

*(A) Two representatives from patient advocacy organizations for chronic conditions.*

*(B) Two representatives from patient advocacy organizations for rare diseases.*

*(C) Two representatives from patient advocacy organizations for terminal illnesses.*

*(D) Two representatives from patient advocacy organizations for mental or behavioral health conditions.*

*(2) The Patient Advocacy Advisory Standing Committee shall publicly meet at least four times per year and receive public comments at these meetings. The committee shall annually report to the board information gathered from committee meetings, including, but not limited to, obstacles to accessing quality health care and recommendations for improving quality and access to health care for patients with chronic conditions, rare diseases, terminal illness, and mental or behavioral health conditions while improving affordability. The board shall include these recommendations in its annual report as required by Section 127501.6.*