



April 3, 2024

The Honorable Jim Wood
California State Assembly District 02
1020 O Street, Room 8320
Sacramento, CA 95814

Re: AB 3129 (Wood) Health care system consolidation - Support

Dear Assemblymember Wood,

On behalf of the California State Association of Psychiatrists (CSAP), I write to you in support of AB 3129, which seeks to strengthen the oversight of private equity acquisitions of specified health care facilities.

Private equity (PE) acquisitions in health care have exploded in the past decade. Emerging data shows these acquisitions demand attention to ensure these transactions are in the public interest. Studies consistently show that private-equity ownership in the health care industry has resulted in higher health care costs, reduced care quality, and less access to care. One recent report found that private equity now owns more than 30 percent of practices in nearly one-third of metropolitan areas. Efforts to secure high returns on investment, can directly conflict with the goal of delivering affordable, accessible, high-value health care.

Meanwhile, federal regulators are virtually blind to the incursion, since private equity typically acquires practices and hospitals below the regulatory radar. More than 90 percent of PE consolidations fall below the \$101 million threshold that triggers an antitrust review by the Federal Trade Commission and the U.S. Justice Department. States can institute their own review, which some have done.

To address this, AB 3129 authorizes the Attorney General to grant, deny, or impose conditions to a change of control or an acquisition between a private equity group or hedge fund and a health care facility or provider group to ensure public interest. Further, it requires a private equity group or hedge fund provide written notice to, and obtain the written consent of, the Attorney General prior to a change of control or an acquisition with specified annual revenue. Finally, it reinforces the existing bar on the corporate practice of medicine by prohibiting a private equity group or hedge fund involved in any manner with a physician or psychiatric practice doing business in this state, from controlling that practice.

For these reasons, CSAP is pleased to support AB 3129.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Yoder', is positioned below the 'Sincerely,' text.

Paul Yoder
Legislative Advocate

CC: Chair and Members, Assembly Health Committee