

**Resolution in Support of  
California Senate Bill 538 (Hospital Contracts)  
June 2017**

WHEREAS, There has been a substantial increase in hospital consolidations in California in the last decade that has reduced competition among hospitals, thereby driving up prices for individual services in consolidated markets, and,

WHEREAS, recent studies have shown a rise in hospital costs in California, with substantial increases of prices occurring within multihospital systems that use their market power to engage in unfair contracting practices and negotiate higher-than-competitive prices in the state; and,

WHEREAS, the concentration of hospitals in California, particularly within the San Francisco Bay Area, and use of anti-competitive contracting provisions by dominant hospital systems, has significantly impacted rising premium rates for residents; and,

WHEREAS, the 2013 UCSF and UC Hastings Report Price Transparency in the Healthcare Market recommended legislation, “to break apart coercive ties that dominant providers use to leverage their market power in one geographic market to force insurers to contract with them in other, more competitive markets where they lack that power”; and,

WHEREAS, the Health Service System has historically advocated for healthcare pricing transparency and promoting healthcare market competition, including convening a meeting of experts on October 1, 2015 in response to the Board of Supervisors Resolution No. 271-14, which stipulated that vendor contracts with the Health Service System should not have anti-competitive provisions, and,

WHEREAS, California Senate Bill 538 seeks to level the playing field in hospital contracting by preventing dominant provider systems from engaging in coercive and unfair practices; now, therefore, be it

RESOLVED, That the San Francisco Health Service Board hereby urges the California legislature to approve, and the Governor to enact, SB 538.

**CERTIFICATION**

I hereby certify that I perform the functions of the Secretary of the Health Service Board, and that the above Resolution was duly adopted and approved by the Health Service Board at a properly noticed meeting on June 8, 2017.

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Laini K. Scott