



April 29, 2026

The Honorable Buffy Wicks  
Chair, Assembly Appropriations Committee  
1021 O Street, Suite 8220  
Sacramento, CA 95814

**SUBJECT: AB 1923 (Soria) – SUPPORT**

Dear Assemblymember Wicks:

Patient care across California is at risk. Hospitals throughout the state are struggling with unprecedented cost growth pressures, low reimbursement from Medicare and Medi-Cal, new legislative requirements that demand more resources for care delivery, and patients visiting with greater unmet needs than ever before. These challenges are only exacerbated by the One Big Beautiful Bill Act (OBBBA), which enacted the largest cuts to Medi-Cal coverage and reimbursement in the nation's history. Without immediate state intervention, a cascade of hospital closures, staff layoffs, and service line cuts will endanger Californians' well-being in communities throughout the state.

**To preserve access to lifesaving hospital care, the California Hospital Association (CHA) – on behalf of nearly 400 hospitals and health systems – supports Assembly Bill (AB) 1923 (Soria, D-Merced),** which would expand and strengthen the existing Distressed Hospital Loan Program by:

- Funding a new round of loans to struggling hospitals
- Ensuring expedited forgiveness of existing loans if repayment and other factors would result in the participating hospital returning to financial distress
- Expanding program eligibility to hospitals that are part of broader hospital systems or investor-owned, with appropriate protections.

Created in 2023 in the aftermath of the COVID-19 pandemic, the Distressed Hospital Loan Program has proven incredibly effective. It successfully prevented closures and cuts for 15 participating hospitals and – against significant odds – helped one closed hospital, Madera Community Hospital, reopen its doors.

While the program helped stabilize participating hospitals, \$46 billion in federal cuts and coverage losses are unwinding this progress. In 2025 alone, hospitals were forced to lay off 3,500 workers. As of 2024, nearly half (44%) of the state's hospitals were operating in the red. Dozens of hospitals have had to make the difficult decision of shuttering service lines to remain financially viable. Between 2018 and 2022, 22 hospitals closed their maternity units (leaving 12 counties without maternity care). Another 17 hospitals stopped providing acute psychiatric services, and 80 hospital-based medical education programs were closed.

These trends must not be allowed to continue.

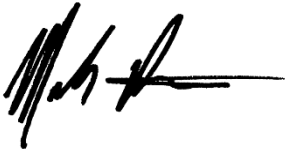
Infusing funds now would avert higher state costs in the future. Madera Community Hospital is a case in point. Madera received a \$57 million award from the program, nearly \$24 million more than the next highest award. It took over two years to reopen and today is only able to remain viable by offering a significantly reduced range of services.

Awards for the participating hospitals that did not close averaged about \$16 million per hospital, and their turnaround plans include service expansions and upgrades, ultimately improving their ability to meet patients' needs. This demonstrates how much more challenging and resource-intensive it is to reopen a hospital after it closes, rather than investing to keep an operating hospital open in the face of addressable financial challenges. Additionally, expediting loan forgiveness would have no near-term effect on the state General Fund as these funds are required to stay within the program until it sunsets on Jan. 1, 2035.

Rejuvenating the Distressed Hospital Loan Program would give struggling hospitals a fighting chance to continue serving their communities. It has a proven track record of swiftly delivering targeted financial support to hospitals most in need, all while promoting strong accountability by requiring participating hospitals to implement comprehensive turnaround plans to ensure they can care for their communities for years to come.

For these reasons, **CHA requests your "YES" vote on AB 1923.**

Sincerely,



Mark Farouk  
Vice President, State Advocacy

cc: The Honorable Esmeralda Soria  
The Honorable Members of the Assembly Appropriations Committee  
Allegra Kim, Principal Consultant, Assembly Appropriations Committee  
Joe Shinstock, Consultants, Assembly Republican Caucus