



March 3, 2026

The Honorable Mia Bonta  
Chair, Assembly Health Committee  
1020 N Street, Room 390  
Sacramento, CA 95814

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

Dear Assemblymember Bonta:

Patient care across California is under threat. Hospitals across the state are struggling with unprecedented cost growth pressures, low reimbursement from Medicare and Medi-Cal, new legislative requirements that add costs, 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 history. Not only will these cuts devastate the families who rely on Medi-Cal, but they will also challenge the sustainability of the state's already fragile acute care delivery system. 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 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 forgiveness of existing loans if repayment would result in the participating hospital returning to financial distress
- Expanding program eligibility for new rounds of funding to hospitals that are part of broader hospital systems or investor owned

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.

At the time the program was created, this assistance was limited to only certain hospital types, making this lifeline unavailable to dozens of hospitals throughout the state. Now, funding for this successful program is depleted. Federal funding cuts have made it challenging for existing recipients to repay the loans that are now coming due; they may be forced to once again consider layoffs, service reductions, or closure. Committing additional resources to this program is a critical step toward strengthening patients' access to care across California – and **help is needed now.**

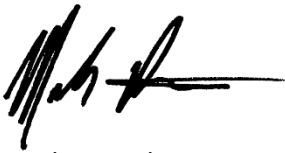
In 2025 alone, hospitals were forced to lay off 3,500 workers. As of 2024, nearly half (44%) of the state's hospitals were operating in the red. In the past three years, three hospitals in California have been forced to close. Others have had to make the difficult decision of shuttering service lines to remain financially viable. Between 2018 and 2022, 22 hospitals closed their maternity units — leaving 12 counties without maternity care, 17 hospitals stopped providing acute psychiatric services, and 80 hospital-based medical education programs were closed. These trends must not be allowed to continue.

Looming federal and state policy changes will make it even more difficult for Californians to get the care they need. With nearly 2 million Californians expected to lose their health care coverage in the coming months and years, hospitals are likely to see a 75% increase (\$1.7 billion) in the amount of free charity care they provide. Additional federal cuts to Medi-Cal and Covered California will strip \$46 billion — or more — from California's health care system over the next decade. These cuts will hit hospitals disproportionately; while all hospitals will be challenged, those on the brink will not survive without help.

Rejuvenating the Distressed Hospital Loan Program would give 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 Health Committee  
Lara Flynn, Chief Consultant, Assembly Health Committee  
Justin Boman, Consultant, Assembly Republican Caucus