



June 9, 2026

The Honorable Akilah Weber Pierson, MD  
Chair, Senate Health Committee  
1020 N Street, Room 3310  
Sacramento, CA 95814

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

Dear Senator Weber Pierson:

Patient care in California is at a breaking point. Rapidly rising costs, inadequate reimbursement from government payers, unfunded state mandates, patients with increasingly complex needs, and other challenges are straining a health care system that is already on the brink. These headwinds have only intensified under the One Big Beautiful Bill Act, which will bring the deepest Medi-Cal coverage and payment cuts in the program's history. Without swift action, the consequences for communities will be dire.

In the face of mounting financial pressures, hospitals need help to preserve access to lifesaving care. That's why the California Hospital Association (CHA) — on behalf of nearly 400 hospitals and health systems — is proud to sponsor Assembly Bill (AB) 1923 (Soria, D-Merced). This bill would expand and strengthen the existing Distressed Hospital Loan Program by:

- Calling for a new round of loans to struggling hospitals
- Ensuring expedited forgiveness of existing loans, if repayment or 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 helped one closed hospital, Madera Community Hospital, reopen its doors against significant odds.

While the program helped stabilize participating hospitals, \$46 billion in federal cuts and coverage losses are unwinding this progress. As of 2024, nearly half (44%) of the state's hospitals were operating in the red. The 40 hospitals with the worst financial performance had average operating margins of negative 39%. In 2025 alone, hospitals were forced to lay off nearly 3,500 workers. 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 closed.

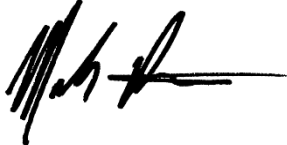
**This trend of diminished health care access cannot be allowed to continue.**

Infusing funds now would not only avert higher state costs in the future, but also, more importantly, provide greater protections for patients' access to care. Madera Community Hospital's experience illustrates exactly why proactive support is so critical. Despite receiving a \$57 million award from the program, nearly \$24 million more than the next highest award, it took more than two years for the hospital to reopen — during which time patients suffered because they had no local hospital. Today, Madera is only able to remain viable because it has significantly reduced the services it offers. By contrast, 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.

Rejuvenating the Distressed Hospital Loan Program would give struggling hospitals a fighting chance to continue serving their communities. The program has a proven track record of swiftly delivering targeted financial support to hospitals most in need 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. Helping hospitals through the massive headwinds facing them is the only way to protect the health and well-being of all Californians.

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 Senate Health Committee  
Vince Marchand, Principal Consultant, Senate Health Committee  
Joe Parra, Health Policy Consultant, Senate Republican Caucus