



May 5, 2026

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

SUBJECT: AB 2123 (Aguiar-Curry) — As Amended April 9 — Oppose Unless Amended

Dear Assemblymember Wicks:

California hospitals recognize the high costs of health care and the stress that unforeseen medical bills can have on patients and their families. Medical debt often results from “underinsurance,” in which patients have coverage but are left with significant out-of-pocket costs, or a lack of health insurance entirely.

For many years, California hospitals have worked proactively to address these challenges, assisting uninsured patients in signing up for coverage and providing billions of dollars annually in financial assistance — including through charity care, discounts, and debt forgiveness — to patients in need. Hospitals are committed to doing their part to mitigate the high cost of health care.

However, Assembly Bill (AB) 2123 (Aguiar-Curry, D-Davis), as amended on April 9, raises significant program administration, operational, and privacy concerns. This is why the California Hospital Association (CHA), representing nearly 400 hospitals and health systems, opposes AB 2123 unless it is amended.

California has built a strong system of laws and regulations to help individuals with medical debt — including laws prohibiting hospitals from garnishing wages, placing liens on property, and reporting medical debt to credit reporting agencies. To supplement ongoing financial assistance programs, AB 2123, as introduced, proposed a debt relief program administered by the California Health Facilities Financing Authority (CHFFA) that was modeled closely after the Los Angeles (LA) County Medical Debt Relief Pilot Program.

Under the LA program, a third-party debt relief provider selects eligible individuals from patient billing data shared by participating hospitals under strict confidentiality and nondisclosure agreements. Hospital participation is voluntary and guided by terms and conditions held in confidence between the parties — a crucial aspect of the program that protects both provider and patient privacy, as well as related data from disclosure. Unfortunately, AB 2123 would depart from the LA County model in several ways and raises serious concerns, listed below.

- Rather than establishing a clear, predictable framework for program administration, AB 2123 would delegate key structural decisions to a 17-member advisory group with broad authority to define eligibility, provider participation, and debt prioritization criteria. While the bill outlines factors that the

group may consider, it provides limited statutory direction on how those factors should be weighed or applied, leaving significant program parameters undefined. This approach would create uncertainty for both patients and providers because critical decisions — such as which patients qualify for relief and which providers' debt is eligible for purchase — would be shaped through a future stakeholder advisory process rather than established in statute. As a result, program implementation could vary significantly depending on how the advisory group interprets its mandate, potentially delaying rollout and undermining predictability for stakeholders.

- AB 2123 would require CHFFA to determine whether a patient was eligible for hospital charity care and exclude those individuals from the program. However, hospitals — not CHFFA — have the resources, experience, and statutory responsibility to determine charity care eligibility, and they are already required to offer financial assistance before any debt can be sold or transferred. Under existing law, hospitals cannot sell patient debt until after completing specific steps, including a 180-day period for billing and financial assistance outreach. AB 2123 appears to exempt debt from this established framework without clear justification. Additionally, beginning July 1, 2027, AB 1312 (Schiavo, 2025) will require hospitals to screen patients for charity care and discount payment— another reason why charity care considerations should not be an eligibility factor.
- AB 2123 would also require a report to the Legislature and disclosure on CHFFA's website about the program, including identifying participating providers and the contract terms agreed upon by the parties. Any debt relief program cannot succeed without safeguards in place that protect provider and patient confidentiality and privacy. Absent their consent, the names of participating providers must also remain undisclosed and the contract terms between participating providers and the medical debt relief coordinator remain confidential, consistent with the LA County model.
- The bill would single out hospitals for new hospital data reporting requirements to the Department of Health Care Access and Information (HCAI) but would not require the same of other participating health care providers. Further, the financial data required under AB 2123 would expand beyond the purpose of the program and move the focus from the patient to the hospital. If the intent of the bill is to alleviate patient debt, then the focus should be on helping eligible patients — not requiring hospitals to provide additional data to HCAI that has no correlation to a patient's ability to pay their bill. Not all medical debt is hospital debt; a significant portion of medical debt stems from health care providers — including physicians, dentists, ambulances, labs, and surgery centers — that are not held to the same requirements for charity care and debt forgiveness as hospitals.

CHA supports the goal of relieving medical debt, as well as the intent and structure of the LA County program, but AB 2123 would expand far beyond that model. For these reasons, CHA is opposed to AB 2123 unless it is amended to align more closely with the LA County approach. CHA appreciates your consideration and welcomes the opportunity to work collaboratively to ensure the program is effective for patients and workable for all providers.

Sincerely,



Vanessa Gonzalez
Vice President, State Advocacy

cc: The Honorable Cecilia Aguiar-Curry
The Honorable Members of the Assembly Appropriations Committee
Allegra Kim, Consultant, Assembly Appropriations Committee
Joe Shinstock, Consultant, Assembly Republican Caucus