



April 29, 2026

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

SUBJECT: AB 2353 (Pacheco) — As Amended on April 28 — SUPPORT

Dear Assemblymember Wicks:

Hospital care in California is in grave danger. Over the coming years, California hospitals will be forced to endure major Medi-Cal cuts while simultaneously caring for growing ranks of uninsured and underinsured patients because of the One Big Beautiful Bill Act (OBBBA). This is happening as the cost of providing care continues to surge, and hospitals across the entire state already are struggling to make ends meet.

Protecting hospitals' ability to care for patients is needed now, more than ever. One way to do that is to help ensure proposed policies that place new requirements on hospitals strike the right balance of providing meaningful benefits to patients, health care workers, and communities without reducing access to vital services or, in the worst cases, jeopardizing a hospital's viability entirely.

Assembly Bill (AB) 2353 (Pacheco, D-Downey) would further this goal by providing policymakers with additional, in-depth information before they make decisions on bills and other policies that could add to an increasingly unsustainable burden on hospitals. **The California Hospital Association (CHA), on behalf of nearly 400 hospitals and health systems committed to improving the health of all Californians, is pleased to write as sponsors in support of AB 2353.** Without better informing policymakers of the costs and potential savings of new policies — along with their risks and benefits — the cumulative impact of rising expenses will continue to lead to devastating consequences, including service reductions, layoffs, and hospital closures. This will leave more Californians unable to access the lifesaving and life-changing care they need and deserve.

The risk of losing access to critical health care services for Californians has never been greater. In the past three years, two hospitals in California have been forced to close. Another 22 have had to shutter maternity units just to stay afloat, leaving 12 counties wholly without maternity care. Thousands of health care workers lost jobs in 2025 alone. Today, dozens more hospitals are facing similar grim choices, with more than 40 at significant short-term risk of closure (O'Grady, 2026).¹ Statewide, 44% of hospitals are operating in the red, relying on uncertain investment income just to stay afloat, as operating expenses for California hospitals collectively exceed patient care revenues by \$2.8 billion a year.

At the same time, the cost of providing health care continues to rise exponentially. Labor costs — the largest share of hospital spending — have increased 51% since 2019, more than twice the rate of general inflation.

¹ O'Grady, E. (2026). The Big Ugly Threat to Safety Net Hospitals. Public Citizen. <https://www.citizen.org/article/big-ugly-threat/>

Regulation plays an important role in protecting the safety, quality, and accessibility of hospital care, as well as the safety of the invaluable health care workers who make care delivery possible. However, any new rules must be considered in light of current pressures and their real-world impact on hospitals' ability to sustain access to affordable care. Recent legislative mandates alone have added billions of dollars to hospitals' costs, which must be considered in reimbursement negotiations with payers, and ultimately are born by families, patients, employers, and taxpayers.

Through this legislation, a new independent center — the Center for Health Provider Policy Impact (CHPPI) — would comprehensively analyze the impacts of pending legislation, regulations, and other policies that impose new requirements on hospitals. While this type of independent, in-depth analysis is currently provided for new legislative mandates on health plans, there is no such process for policies impacting hospitals. CHPPI would help close this analytical gap by providing timely, independent, comprehensive, and academically rigorous analyses of the impacts of policies on hospitals, their patients, and communities. **This holds the potential to help all hospitals preserve access and quality in the face of unprecedented challenges, and ultimately to help hold the cost of health care in check for all Californians.**

Specifically, AB 2353 would:

- Task an independent entity to review and analyze policies, including new legislation, that place new or additional requirements on hospitals — including the anticipated impacts on health care costs, access, and quality, and health care system sustainability
- Leverage the expertise of experienced academic researchers to perform these analyses, similar to the current review of health plan and insurer mandate legislation under the California Health Benefits Review Program (CHBRP)
- Promote a common understanding of the impacts of a proposed policy, through evidence-based research and analysis, of the benefits and costs of proposed laws and regulations, ensuring policymakers have enhanced information on decisions that will affect a fragile health care system

Importantly, the bill would come at no cost to the General Fund. Instead, it would be self-funded through a fee on hospitals. Moreover, AB 2353 has potential to generate meaningful savings for state government by making health care — and health programs like Medi-Cal — more affordable. Analyses from CHPPI would elevate consideration of costs in policy decisions, improving policymakers' ability to ensure that the benefits of enacted legislation and finalized regulations justify their costs.

The effects of OBBBA — which delivered the largest Medicaid cuts in the nation's history — cannot be overstated. In this uncertain and deeply concerning environment, policymakers must apply extra scrutiny when handing down new, unfunded requirements on hospitals. AB 2353 would enable them to do just that, while assuring Californians that health care policy decisions made in Sacramento are improving access, advancing equity, enhancing quality, and strengthening affordability for all.

For these reasons, CHA respectfully requests your “AYE” vote on AB 2353.

Sincerely,



Kalyn Dean
Vice President, State Advocacy

cc: The Honorable Blanca Pacheco
The Honorable Members of the Assembly Appropriations Committee
Allegra Kim, Consultant, Assembly Appropriations Committee
Joe Shinstock, Consultant, Assembly Republican Caucus
Sophia Karperos, Legislative Assistant, Office of Assemblymember Blanca Pacheco