



May 15, 2026

To: The Honorable Members of the Assembly

From: Kathryn Scott, Senior Vice President, State Relations and Advocacy

AB 2353 (Pacheco) – Support

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.

Protection for hospitals' ability to care for patients is needed now, more than ever. One way to do that at the state level is to help ensure proposed legislation that places new mandates on hospitals strikes 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. **For these reasons, we are pleased to support Assembly Bill (AB) 2353 (Pacheco, D-Downey).** Without enhanced clarity of the costs, cost savings, risks, and benefits of new hospital mandates, the cumulative effect of rising costs will result in devastating consequences such as service reductions, layoffs, and hospital closures — leaving more Californians in health care “deserts,” 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:

- **Three hospitals in California have been forced to close in the past three years..**
- Another **22 have had to shutter maternity units** just to stay afloat, leaving 12 counties wholly without maternity care.
- Approximately **3,500 health care workers lost jobs in 2025** alone.
- **More than 40 hospitals are facing significant short-term risk of closure.**
- **44% of hospitals have operating margins 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.**

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 regulations must be considered in the light of current pressures and the objective impacts that new mandates would have on hospitals' ability to sustain access to affordable care.

AB 2353 WOULD:

- Require the Department of Health Care Access and Information (HCAI) to partner with the University of California to establish the Center for Health Provider Policy Impact.
- Require this new Center to assess and evaluate the impact of state and federal policies on public health outcomes, health care access, delivery, workforce, costs, and system sustainability **-all based on requests for analysis directly from the Legislature.**
- Operate as a pilot program, from January 1, 2028 to July 1, 2033 only.

- Fund the work through a fee on hospitals, not to exceed \$3M annually. **AB 2353 would NOT be funded using the state's General Fund resources.**
- Help ensure lawmakers have enhanced information on decisions that will affect a fragile health care system that is struggling today to meet Californians' needs.
- Promote affordability by bringing attention to the costs of new policies affecting hospitals, including their impacts on premiums and patient costs at the point of service.

As with other sectors of California's economy, the state's health care system is at its breaking point. The effects of the OBBBA — which delivered the largest Medicaid cuts in the nation's history — cannot be overstated. In this uncertain and deeply concerning environment, state lawmakers must take enhanced precautions when handing down new, unfunded mandates. This legislation provides a deeper level of analysis, delivering even more information than has been available in the past to be considered — so those precautions can be taken and so that Californians will not be left in the lurch.

For these reasons, we urge your “AYE” vote on AB 2353