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March XX, 2026

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

SUBJECT: 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 surging numbers of uninsured and underinsured patients because of the One Big Beautiful Bill Act (OBBBA). This is happening as the cost of providing care is projected to continue to rapidly increase.

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. Assembly Bill (AB) 2353 (Pacheco, D-Downey) would further this aim by providing legislators with additional, in-depth information before they make decisions on bills that could add to an increasingly unsustainable burden on hospitals. **The undersigned entities are pleased to support AB 2353.** 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. 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. Statewide, 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.

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

Through this legislation, a new independent agency — the “Health Mandates Review Program” — would analyze the costs, savings, risks, and benefits of pending legislation that imposes new mandates on hospitals. While this type of independent, in-depth analysis is currently provided for any new mandates on health plans, there is no such process for mandates on hospitals. **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.**

AB 2353 would:

- Task an entity independent from the state Legislature to review and analyze introduced legislation that places new and/or additional requirements on hospitals — including the anticipated impacts on health care cost, access, safety, and quality
- 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)
- Help ensure lawmakers have enhanced information on decisions that will affect a fragile health care system that is struggling **today** to meet Californians' needs

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.

This bill is critical to preserve access in light of historic federal health care cuts while also improving affordability for working Californians. For these reasons, the following organizations respectfully **request your “AYE” vote on AB 2353.**

Sincerely,

California Hospital Association – Kalyn Dean, Vice President, State Advocacy

[Add additional Organizations- with representative's name and title]

cc: The Honorable Members of the Assembly Health Committee
Lara Flynn, Chief Consultant, Assembly Health Committee
Justin Boman, Health Policy Consultant, Assembly Republican Caucus
Sophia Karperos, Legislative Assistant, Office of Assemblymember Blanca Pacheco