



April 14, 2026

The Honorable Buffy Wicks
Chair, Assembly Appropriations Committee
1021 O St., Room 8220
Sacramento, CA 95814

SUBJECT: AB 2431 (Patel) — As Amended April 9 — SUPPORT

Dear Assemblymember Wicks:

Every day, California hospitals see firsthand how insurance companies create invisible barriers between patients and their health care. One such barrier is the use of opaque processes to “downcode” claims, often overriding licensed clinicians’ professional judgment and unilaterally reducing medical claims to lower-paying codes — regardless of the complexity of care that was provided to patients.

This forces hospital staff to divert precious resources away from patient care, instead spending weeks and months filing labor-intensive appeals so that the hospital can be reimbursed appropriately. Reimbursement is particularly important when more than 40% of California’s hospitals operate at a loss. And, while all hospitals are treating an increasingly sicker population, this practice disproportionately and discriminatorily targets those who care for the sickest patients.

On behalf of nearly 400 hospitals and health systems committed to providing high-quality care to all Californians, the California Hospital Association (CHA) is pleased to support Assembly Bill (AB) 2431 (Patel, D-San Diego), which would create important safeguards to ensure hospitals are appropriately reimbursed for providing medically necessary, clinician-prescribed care.

AB 2431 offers a transparent and fair framework to ensure that reimbursement accurately reflects the level of care delivered. Specifically, the bill would:

- **Mandate clinical justification:** Require that any downcoding decision include a documented review of the clinical information supporting the billed service rather than relying solely on diagnosis codes
- **Increase transparency:** Ensure providers receive a clear, written explanation for any downcoding action, including the specific coding criteria used and the revised payment amount
- **Strengthen appeal rights:** Establish a clear process for disputing downcoded claims and allow providers to appeal similar claims in batches, reducing the non-clinical workload that diverts time from patient care and makes appeals cost-prohibitive

- **Protect high-acuity care:** Prohibit discriminatory downcoding practices that target providers who routinely treat patients with complex or chronic conditions
- **Evaluate the impact of downcoding and upcoding:** Require regulators to leverage existing data and authority to evaluate the prevalence and impact of coding and claims adjustment practices on the claims process, cost of care and financial viability of provider practices

By requiring that insurer coding adjustments be clinically supported and transparent, AB 2431 would protect patients' access to complex care and ensure that hospital resources are directed toward delivering patient care, not resolving unnecessary bureaucratic disputes.

For these reasons, CHA respectfully requests your "AYE" vote on AB 2431.

Sincerely,

A handwritten signature in black ink that reads "Kalyn Dean". The signature is written in a cursive, flowing style.

Kalyn Dean

Vice President, State Advocacy

cc: The Honorable Darshana Patel
The Honorable Members of the Assembly Appropriations Committee
Allegra Kim, Principal Consultant, Assembly Appropriations Committee
Joe Shinstock, Consultant, Assembly Republican Caucus
Eli Lanet, Legislative Aide, Office of Assemblymember Patel