



March 26, 2026

The Honorable Mia Bonta
Chair, Assembly Health Committee
1021 O Street, Room 390
Sacramento, CA 95814

SUBJECT: AB 2431 (Patel) – SUPPORT

Dear Chair Bonta:

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, AI-driven claim editing systems to “downcode” claims, often overriding licensed clinicians’ professional judgment and unilaterally reducing medical claims to lower-paying codes — regardless of how complex the care already provided to patients actually was. 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:

- **Prohibit automated downcoding:** Prevent health plans and insurers from using automated systems to unilaterally change a submitted service code to a lower-paying one without documented clinical review by a competent health professional
- **Mandate clinical justification:** Require that any downcoding decision be made by a licensed physician or professional who has reviewed the actual medical records, 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 allows providers to appeal similar claims in batches, reducing the administrative burden that currently makes appeals cost-prohibitive

- **Protect high-acuity care:** Prohibit discriminatory downcoding practices that target providers who routinely treat patients with complex or chronic conditions

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 remain focused on patient care, rather than navigating administrative burden caused by bureaucracy.

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 Health Committee
Riana King, Principal Consultant, Assembly Health Committee
Justin Bowman, Health Consultant, Assembly Republican Office of Policy and Budget
Eli Lanet, Legislative Aide, Office of Assemblymember Patel