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April XX, 2024

The Honorable Richard D. Roth

Chair, Senate Health Committee

1021 O St., Room 3310

Sacramento, CA 95814

**SUBJECT:** **SB 1423 (Dahle) – Support**

Dear Senator Roth:

Nearly 750,000 of the state’s 2.3 million rural residents live in communities served by California’s critical access hospitals (CAHs). These are the people that all Californians depend on for food, water, power, and the preservation of the state’s natural beauty. Now, the lifesaving and life-changing hospital care they depend on is at risk. **<Hospital name> is proud to support Senate Bill (SB) 1423 (Dahle, R-Bieber), which would improve financial stability for certain rural hospitals.**

***IF YOUR HOSPITAL IS A CRITICAL ACCESS HOSPITAL:***

*Our facility is one of California’s 37 CAHs, a type of rural hospital that serves communities located at least 35 miles from another medical facility. Fieldwide, we have seen operating margins drop by a frightening 8 percentage points from 2019 to 2023. <Optional: insert hospital-specific margin information.> CAHs are losing money every day to deliver care and maintain access: two-thirds of CAHs are operating in the red, and scant reserves are dwindling.*

*When a CAH closes, those in poor health, seniors, and people experiencing poverty suffer the most (nationally, 13% of people living in an area affected by a closure are below the poverty line, compared to 9% overall). For Medicare beneficiaries, a closure means the travel distance to access inpatient services increases by 20 miles. For specialized services like treatment for substance use disorders, it increases to almost 40 miles. In many instances, the additional patient population is difficult for nearby facilities to absorb.*

***IF YOUR HOSPITAL IS NOT A CRITICAL ACCESS HOSPITAL:***

*California’s 37 CAHs, serving communities located at least 35 miles from another medical facility, and which are included among rural hospitals, have seen their operating margins drop by a frightening 8 percentage points from 2019 to 2023. They are losing money every day to deliver care and maintain access. Two-thirds of CAHs are operating in the red and their scant reserves are dwindling and at risk.*

*If one of these hospitals closes, those in poor health, seniors, and people experiencing poverty suffer the most (nationally, 13% of people living in an area affected by a closure are below the poverty line, compared to 9% overall). For Medicare beneficiaries, a closure means the travel distance to access inpatient services increases by 20 miles. For specialized services like treatment for substance use disorders, it increases to almost 40 miles. In many instances, the additional patient population is difficult for nearby facilities to absorb. For example, <insert census information addresses whether your facility would be able to absorb displaced patients (and how many)>*

Senate Bill 1423 would create cost-based Medi-Cal reimbursement for CAHs. This proposed new payment methodology would preserve access to care by enhancing financial sustainability for the most vulnerable hospitals. These hospitals need a strategy for long-term, sustainable funding to stabilize their finances and support their ability to care for patients in rural communities. This funding will aid in keeping hospital doors open to serve rural communities in California. Ensuring stability in this small but vital component of our health care system will have ripple effects, allowing facilities in other areas of the state to continue to provide access to care.   
  
The state must recognize that what happens in rural areas affects the entire state and prioritize solutions that support rural communities. This important legislation would support critical access hospitals and the communities they serve with reliable funding to sustain access to vital health care services. For these reasons, <hospital name> is pleased to support SB 1423.

Sincerely,

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Mark Farouk

Vice President, State Advocacy

cc: The Honorable Brian Dahle

The Honorable Members of the Senate Health Committee

Jen Flory, Consultant, Senate Health Committee

Joe Parra, Consultant, Senate Republican Caucus   
 Tim Conaghan, Consultant, Senate Republican Caucus