



## OFFICE OF THE GOVERNOR

SEP 22 2024

To the Members of the California State Senate:

I am returning Senate Bill 1423 without my signature.

This bill would require the Department of Health Care Services (DHCS) to convene a Rural Hospital Technical Advisory Group in 2025 to analyze the fiscal viability of small, rural, and critical access hospitals under existing Medi-Cal reimbursement methodologies and to provide a report to the Legislature.

The viability of our state's hospitals, especially in rural communities, is of the utmost importance. For this reason, together with the Legislature, we authorized \$300 million for the Distressed Hospital Loan Program to offer zero-interest loans to eligible financially distressed hospitals. Further, DHCS is already examining how to address hospital financing in a manner that is greater in scope than what this bill proposes. Though well-intended, this bill would also result in new costs to implement an advisory body that is duplicative of ongoing efforts.

For these reasons, I cannot sign this bill.

Sincerely,

A handwritten signature in black ink, appearing to be "Gavin Newsom", written over a horizontal line. The signature is stylized and somewhat abstract.

Gavin Newsom

