



April 12, 2024

The Honorable Richard Roth
Chair, Senate Health Committee
1021 O St., Room 1200
Sacramento, CA 95814

SUBJECT: SB 1511 (Committee on Health) – Support

Dear Senator Roth:

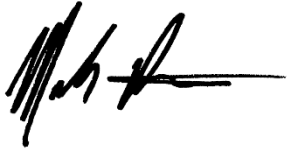
California's hospitals did everything they could to stay open, maintain services, and save lives over the last four years as the state and globe combatted the worst pandemic in a century. Unfortunately, they did not emerge unscathed. Skyrocketing labor and supply costs, combined with growing patient acuity, exacted unprecedented damage on hospitals' financial well-being. In response, the Legislature created the Distressed Hospital Loan Program, administered by the Department of Health Care Access and Information and the California Health Facilities Financing Authority. **CHA, on behalf of more than 400 hospital and health system members, supports Senate Bill (SB) 1511 (Committee on Health), which would align the timeline for the program's administrative support with that of the program itself.**

COVID-19's challenges precipitated the closure of Madera Community Hospital, placed dozens of additional hospitals at risk of full closure, and led to service line reductions throughout the state. Thankfully, the Legislature stepped in and created the Distressed Hospital Loan Program to help many hospitals avoid having to shut their doors. To date, 16 hospitals have received or are due to receive critically needed support from the program, with a total distribution of almost \$300 million. One of the beneficiaries is Madera Community Hospital, which will use the funding to return to providing essential care to its community.

State law authorizes the program through December 31, 2031. However, state law only allows the administering agencies to utilize their funding to administer the program until June 30, 2026. Workload will not stop at this early date, as the agencies will be tasked with monitoring compliance with participating hospitals' turnaround plans, processing applications for loan forgiveness, collecting loan repayments from hospitals that do not qualify for forgiveness, and carrying out other administrative functions. Under this bill, administrative funding for the loan program would be extended to the program's end date, December 31, 2031.

It is critical to ensure the agencies have the legal authority needed to continue to perform their essential workload. For that reason, **the California Hospital Association requests your “YES” vote on SB 1511.**

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Farouk', with a long horizontal flourish extending to the right.

Mark Farouk
Vice President, State Advocacy

cc: The Honorable Members of the Senate Health Committee
Margarita Niemann, Consultant, Senate Health Committee
Joe Parra, Consultant, Senate Republican Caucus
Tim Conaghan, Consultant, Senate Republican Caucus