

May 20, 2024

Position: **Vote YES on SB 1423**

To: The Honorable Members of the California State Senate

From: Mark Farouk, Vice President, State Advocacy

SB 1423 (Dahle) – SUPPORT

California's 37 critical access hospitals (CAHs), a subset of rural hospitals that serve communities located at least 35 miles from another medical facility, have seen their operating margins drop by a frightening 8 percentage points from 2019 to 2023. Every day, 20 of these 37 hospitals lose money as they strive to maintain access to care. Two-thirds of CAHs are operating in the red; their scant reserves are dwindling.

The California Hospital Association (CHA), on behalf of more than 400 hospitals and health systems, supports Senate Bill (SB) 1423 (Dahle, R-Bieber), which would stabilize California's critical access hospitals.

- Nearly 750,000 of the state's 2.3 million rural residents live in communities served by California's 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.
- SB 1423 would create cost-based Medi-Cal reimbursement for CAHs. This proposed new payment methodology preserves access to care by enhancing financial sustainability for these most vulnerable hospitals. CAHs 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 would aid in keeping hospital doors open to serve rural communities in California.
- The costs to implement the requirements of SB 1423 would be shared by both the state and federal governments, according to the specific Federal Medical Assistance Percentage rate. This important legislation would support CAHs and the communities they serve by ensuring reliable funding to sustain access to vital health care services.

For these reasons, CHA urges your YES vote on SB 1423