



June 12, 2024

The Honorable Richard Roth
Chair, Senate Health Committee
1020 O St., Room 3310
Sacramento, CA 95814

SUBJECT: AB 2637 (Schiavo) — Health Facilities Financing Authority Act — SUPPORT

Dear Senator Roth:

Every day, hospitals throughout California care for the state's most vulnerable populations, who often have no place else to turn for help. However, many of those same hospitals are on the edge of a financial cliff and facing the difficult choice of service reductions, bankruptcy, or closure.

For this reason, the California Hospital Association (CHA), on behalf of its more than 400 hospital and health system members, supports Assembly Bill (AB) 2637, which would allow the California Health Facilities Financing Authority (CHFFA) to issue long-term working capital financings by removing the limitation that loans be repaid within 24 months.

Reimbursement has remained largely stagnant, yet labor expenses have spiked 16% since 2019, pharmaceutical costs have grown by 41%, and the cost of medical supplies has jumped 19%. While AB 2637 does not resolve these issues, by allowing for longer CHFFA working capital loan periods, hospitals will have more options to address increased costs.

For these reasons, CHA supports AB 2637.

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 Pilar Schiavo
The Honorable Members of the Senate Health Committee
Teri Boughton, Consultant Senate Health Committee
Joe Parra and Tim Conaghan, Consultant, Senate Republican Caucus