



June 21, 2024

The Honorable Mia Bonta
Chair, Assembly Health Committee
1020 N Street, Room 390
Sacramento, CA 95814

SUBJECT: SB 1423 (Dahle) – SPONSOR

Dear Assembly Member Bonta,

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 who 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.

California's 37 CAHs, serving communities located at least 35 miles from another medical facility, have seen their operating margin drop by a frightening 8 percentage points from 2019 to 2023, and two-thirds lose money every day to deliver care and maintain access to vital services. Their financial stability is rapidly deteriorating.

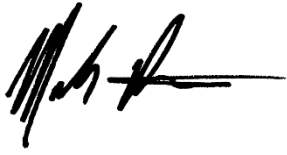
As originally introduced, Senate Bill (SB) 1423 (Dahle, R-Bieber) sought to create cost-based Medi-Cal reimbursement for CAHs — a new payment methodology that would help preserve access to care by enhancing financial sustainability for these vulnerable hospitals.

Recognizing the state's challenges this year in overcoming a multibillion-dollar budget deficit, a different path is needed.

Proposed amendments to SB 1423 that would create a Hospital Technical Advisory Group will maintain and extend the work that started this year to save these hospitals. CHA supports the development of an advisory group at the Department of Health Care Services (DHCS) to evaluate and make recommendations on the financial stability of CAHs. DHCS will then submit a report to the Legislature with recommendations to improve the financial stability of these vulnerable hospitals.

The state must continue to meet the needs of California's rural areas. For these reasons, the California Hospital Association is pleased to sponsor and support SB 1423 as proposed to be amended.

Sincerely,

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

Mark Farouk
Vice President, State Advocacy

cc:

The Honorable Brian Dahle
Honorable Members of the Assembly Health Committee
Lisa Murawski, Assembly Health Committee
Justin Boman, Consultant, Assembly Republican Caucus