



July 16, 2024

The Honorable Anna Caballero  
Chair, Senate Appropriations Committee  
1021 O St., Room 412  
Sacramento, CA 95814

**SUBJECT: AB 2098 (Garcia) — SUPPORT**

Dear Senator Caballero:

Every day, hospitals throughout California care for the state's most vulnerable, 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 more than 400 hospitals and health systems, including more than 30 district hospitals (also known as non-designated public hospitals), supports Assembly Bill (AB) 2098 (Garcia, D-Coachella). AB 2098 would allow the California Health Facilities Financing Authority (CHFFA) to extend the repayment requirements related to a previously authorized district hospital loan program.**

The extension of these repayment requirements does not result in substantial costs to the state as it does not forgive repayment of these loans. Rather, AB 2098 only allows for an extension for loan awardees to repay, consistent with the timing afforded with other hospital loan programs, and is estimated to require only a modest increase in CHFFA operational costs (\$384,000 over four years).

Current law authorized and appropriated \$40 million to CHFFA to provide cashflow loans to district hospitals with the requirement that any hospital participating in the loan program repay those loans 24 months after the date of the loan. This bill would extend that repayment timeline to *begin* 24 months after the date of the loan and discharge the loan within 72 months of the date of the loan, which would align the repayment timing with that of the state's Distressed Hospital Loan Program.

For these reasons, CHA supports AB 2098.

Sincerely,

A handwritten signature in black ink, appearing to be "Mark D.", with a long horizontal flourish extending to the right.

Mark Farouk  
Vice President, State Advocacy

cc: The Honorable Eduardo Garcia  
The Honorable Members of the Senate Appropriations Committee  
Agnes Lee, Consultant, Senate Appropriations Committee  
Joe Parra and Tim Conaghan, Consultant, Senate Republican Caucus