

Time Is Running Short to Save Hospitals, Preserve Access to Health Care

THE ISSUE

California's hospitals — and the patients they care for — have never been in greater jeopardy than they are today.

A perfect storm of state and federal policy changes, a rapidly aging population with greater needs, and record inflation are forcing hospitals to shutter services, lay off employees, or — in some cases — close altogether.

In the past three years, four California hospitals have closed or been saved from closure by last-minute bailouts. In 2025 alone, five hospitals shuttered service lines, including vital maternity units, pediatric units, and more. And last year, more than 3,500 hospital workers in California lost their jobs — solid, middle-class positions that the state needs for a strong economy.

The worst part is that things are about to get even more dire:

- In the coming months and years, nearly 2 million Californians are expected to lose their health care coverage. But they won't stop getting sick and needing hospital care — that means a significant increase in the free charity that hospitals will need to provide.
- Additional federal cuts to Medicaid (Medi-Cal) — the largest in the nation's history — will strip tens of billions from California's health care system. These cuts will hit different hospitals in different ways, with the greatest losses borne by those in communities with high reliance on Medi-Cal coverage. And new state restrictions on how much can be spent to care for Californians are leading insurance companies to reduce their payments to hospitals, shrinking resources for care even more.
- At the same time, through the Office of Health Care Affordability, the state is rationing the amount of resources hospitals can spend to care for Californians, with no regard for the impact that will have on access to care, health equity, quality of care, and more.

WHAT'S NEEDED

Policymakers must act quickly before more jobs are shed, more services are lost, more hospitals close, and more patients are left in the lurch.

- At the federal level, the Centers for Medicare & Medicaid Services must approve California's pending Medicaid financing proposal, a lifeline for struggling hospitals. Also, Congress should permanently protect funding for disproportionate share hospitals (many of which are at significant risk of closure), preserve the 340B Drug Pricing Program, reject site-neutral hospital cuts, and preserve health insurance coverage.
- At the state level, on the heels of the largest federal cut to health care in the nation's history, California must provide financial support for rural and other struggling hospitals, analyze the actual cost to the health care system of significant pending legislation, reduce the regulatory costs to deliver health care, and examine reforms to the Office of Health Care Affordability to protect access to health care.

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The number of counties in California that have no hospital maternity care whatsoever.

