March 25,2026

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

SUBJECT: AB 1923 (Soria) — SUPPORT

Dear Assemblymember Bonta:

Patient care in California is at a breaking point as hospitals statewide are facing mounting financial pressures. Rapidly rising costs, inadequate reimbursement from government payers, unfunded state mandates, patients with increasingly complex needs, and other challenges are straining a health care system that is already on the brink. These headwinds have only intensified under the One Big Beautiful Bill Act, which will bring the deepest Medi-Cal coverage and payment cuts in the program's history. Without swift action, the consequences for communities will be dire.

To ensure patients can continue to get the life-changing and lifesaving care they need, hospitals support Assembly Bill (AB) 1923 (Soria, D-Merced), which would expand and strengthen the existing Distressed Hospital Loan Program by:

- Funding a new round of loans to struggling hospitals
- Ensuring forgiveness of existing loans if repayment would result in the participating hospital returning to financial distress
- Expanding program eligibility for new funding to hospitals that are part of broader hospital systems or investor owned

California's hospitals are already under severe strain — three have closed since 2022, while others have eliminated entire service lines just to stay afloat. From 2018 to 2022, 24 maternity units shut down — leaving 12 counties without maternity care, 17 hospitals stopped providing acute psychiatric services, and 80 hospital-based medical education programs were closed. At the same time, upcoming state and federal policy changes will intensify the pressure. Nearly 2 million Californians are projected to lose health coverage, driving hospitals' charity care costs up by roughly $2 billion annually and additional cuts to Medi-Cal and Covered California could remove tens of billions of dollars from the health care system over the next decade. Patients and communities will bear the burden of these cuts, as every hospital feels the impact and many may not survive without financial support.

The Distressed Hospital Loan Program has proven incredibly effective since its creation in 2023. In addition to helping Madera Community Hospital reopen its doors, it has successfully prevented closures and cuts for more than a dozen participating hospitals. However, funding for this program is now depleted and federal cuts have made it challenging for existing recipients to repay the loans that are coming due. This is especially problematic when you consider that 44% of the state's hospitals are operating in the red. They may once again be forced to consider layoffs, service reductions, and even closure.

For these reasons, we strongly urge your "Yes" vote on AB 1923 to revive the Distressed Hospital Loan Program and give hospitals a fighting chance to continue serving their communities.