



RURAL COUNTY REPRESENTATIVES  
OF CALIFORNIA

April 18, 2023

The Honorable Jim Wood  
Chair, Assembly Committee on Health  
1020 N Street, Room 390  
Sacramento, CA 95814

**RE: Assembly Bill 412 (Soria) – SUPPORT  
As Amended April 12, 2023**

Dear Assemblymember Wood:

On behalf of the Rural County Representatives of California (RCRC), we support of Assembly Bill 412 (Soria). AB 412 would establish the Hospital Emergency Loan Program for the purpose of providing emergency loans to hospitals at a high risk of closing or hospitals that have already closed and are attempting to re-open. RCRC is an association of forty rural California counties, and the RCRC Board of Directors is comprised of elected supervisors from each of those member counties.

The lingering effects of the COVID-19 pandemic have had a devastating impact on California's healthcare system. Before the pandemic, many hospitals were already operating on tight margins. Many of these hospitals largely serve patients on Medicare or Medi-Cal, which reimburse hospitals at lower rates than private insurance. Smaller hospitals also lack the economies of scale that larger hospitals enjoy. The net result is that hospital operating margins across the western United States have decreased 69% since 2019, with 2022 having been the worst year of that period. Small and rural hospitals are typically the most affected of all.

At this point in time, over half of California's 337 hospitals<sup>1</sup> are operating at a financial loss. Of the 55 rural hospitals in California, 16 (29%)<sup>2</sup> are at risk of closing. Without grant funding for seismic improvements, we risk additional hospital closures in rural communities. AB 412 is a much-needed lifeline for financially distressed rural hospitals to continue operators and provide life-saving healthcare services to our state's communities for generations to come.

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<sup>1</sup> <https://calmatters.org/health/2023/01/hospital-closure/>

<sup>2</sup> [Center for Healthcare Quality and Payment Reform – Rural Hospitals at Risk of Closing Report](#)

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AB 412 is essential to preserving healthcare facilities in rural California. For these reasons, RCRC, respectfully requests your "Aye" vote when this bill is heard before your committee. If you have any questions, please do not hesitate to contact me at (916) 447-4806 or [sdukett@rcrcnet.org](mailto:sdukett@rcrcnet.org).

Sincerely,



SARAH DUKETT  
Policy Advocate

cc: The Honorable Esmeralda Soria, Member of the California State Assembly  
Members of the Assembly Health Committee  
Rosielyn Pulmano, Chief Consultant, Assembly Health Committee  
Gino Folchi, Consultant, Assembly Republican Caucus