Hospital Council
Northern & Central California

October 6, 2026

State Assembly Member Robert Rivas
1021 O Street, Suite 8330
Sacramento, CA 95814

Dear Assembly Member Rivas,

I am writing in my role as Chair of the Hospital Council's Monterey Bay Coast Section, representing hospitals and health systems across Monterey, Santa Cruz, San Benito, and San Luis Obispo counties. Hospital Council – Northern & Central California represents more than 190 hospitals and health systems across 50 California counties and works to bring hospitals together around issues affecting access to care and the communities we serve.

Hospitals throughout the Monterey Bay region are facing significant financial and operational pressures. Most immediately, we are preparing for the impacts of H.R. 1, the One Big Beautiful Bill Act. Between 25%–50% of residents in our communities are currently enrolled in Medi-Cal, and several upcoming changes to enrollment, eligibility, and reimbursement could have significant implications for both access to care and the financial stability of regional healthcare providers.

Among the issues we are closely monitoring:

- **Medi-Cal enrollment:** Central California Alliance for Health, which serves Monterey, Santa Cruz, and San Benito counties, projects that federal and state eligibility changes could reduce its membership by approximately 30%–40%, potentially leaving tens of thousands of residents without health coverage.
- **Changes to reimbursement:** Beginning in 2027, certain Medi-Cal members will transition from managed care to fee-for-service Medi-Cal. This is expected to reduce reimbursement for many providers and could create additional access challenges, particularly for post-acute care facilities, ambulatory surgery centers, and specialists.
- **Federal supplemental funding:** Projected reductions in federal supplemental funding will place additional pressure on already narrow hospital operating margins.

These changes come at a time when hospitals are already managing seismic compliance requirements, inflation, minimum-wage increases, workforce shortages, and escalating labor costs.

Against this backdrop, we are also closely following the Office of Health Care Affordability's (OHCA) development of its spending-target enforcement framework. We support the shared goal of making healthcare more affordable for Californians. At the same time, we believe it is important that the implementation of this framework recognizes the financial realities facing hospitals and avoids unintended consequences for patient access, quality, workforce stability, and essential healthcare services.

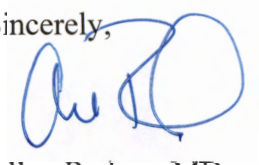
OHCA has proposed a penalty framework that could allow adjustments of up to 125% of an initially calculated amount of excess spending growth. OHCA has also indicated that an organization's financial condition and changes in state or federal law may be considered when determining penalties.

We recently learned of the letter from California legislators raising important questions about OHCA's implementation of the spending targets and enforcement framework. Many of the questions raised in that letter—including how financially distressed providers will be treated and how access, quality, equity, and workforce stability will be protected—are also important to hospitals throughout the Monterey Bay region. Hospital leaders from the Monterey Bay Coast Section had hoped that members of our local delegation would join colleagues from across the state in signing the letter and raising these important concerns about the future of health care access in local communities. We hope you and others will continue to engage on these issues as OHCA's policies move forward and their effects on hospitals and the patients they serve become clearer.

As OHCA continues this work, we would welcome the opportunity to discuss these issues with you and share the perspective of hospitals serving our four-county region. We believe continued dialogue between hospitals and our legislative delegation will be especially important as these policies move toward implementation.

Thank you for your continued partnership and your commitment to the health of our communities. We would appreciate the opportunity to meet with you, either individually or together with hospital leaders from the Hospital Council's Monterey Bay Coast Section, to discuss these issues and their potential impact on access to care throughout our region.

Sincerely,



Allen Radner, MD
President & CEO, Salinas Valley Health
Chair, Monterey Bay Coast Section
Hospital Council – Northern & Central California

Individuals Cc:
Christine McSweeney, President, Dominican Hospital
Mary Casillas, CEO, Hazel Hawkins Memorial Hospital
Mike McDermott, President & CEO, Community Hospital of the Monterey Peninsula
Nancy Buscher, Interim CEO, Natividad
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