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# California State Senate

SENATOR  
**STEPHEN C. PADILLA**  
EIGHTEENTH SENATE DISTRICT



COMMITTEES  
BUDGET SUBCOMMITTEE #4 ON  
STATE ADMINISTRATION AND  
GENERAL GOVERNMENT  
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AGRICULTURE  
BUDGET  
GOVERNMENTAL ORGANIZATION  
HOUSING  
NATURAL RESOURCES AND WATER

## **SB 1269 – Safety Net Hospital**

California currently has no definition for the hospital safety net. Rural hospitals and those that serve a large Medi-Cal population face challenges of lower reimbursement rates and are struggling to meet the growing needs of vulnerable communities and expanding Medi-Cal population. In 2022, safety net hospitals lost \$864 million from operations and nearly two-thirds are operating at a loss. The state cannot afford to lose these providers, and creating a definition allows future policies to be developed to ensure their continued operation. Communities need these safety net providers because they are often the only available health care in the area and economic drivers for the community. Defining safety net hospitals is necessary so their unique health care policy issues can be considered when making far-reaching policies.

Safety net hospitals do not have the same negotiating power and commercially covered patients as other hospitals, and the lack of a definition for safety net hospitals affects hospitals' ability to provide health equity. This bill defines the California hospital safety net as those that serve a large number of Medi-Cal patients and those that are in rural communities where they are often the only source of health care for their community. This will assist in the delivery of health equity by allowing policymakers to support vulnerable health care patients and their providers.

SB 1269 defines the California Hospital Safety Net providers as those that meet the federal definition of disproportionate share hospital and rural hospitals more than 15 miles away from another acute care hospital and those defined as rural under the 1982 definition in state law. Small hospitals more than 35 miles from the nearest hospital or more than 15 miles in areas with mountainous terrain and sole community hospitals, which includes hospitals more than 35 miles from like hospitals, are also included in the definition. This bill does not change any of the current parameters of the definitions already in statute or intended to change any criteria related to current policies or programs including the hospital fee program.

### **Staff Contact**

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## **Support**

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- Private Essential Access Community Hospital Association (Sponsor)