

## CONCURRENCE IN SENATE AMENDMENTS

AB 1312 (Schiavo)

As Amended September 3, 2025

Majority vote

**SUMMARY**

Requires a hospital to prescreen a patient for presumptive eligibility for participation under the hospital's charity care policy and discount payment policy, if the patient meets specific criteria, including, among others, that the patient is enrolled in CalFresh or CalWORKs.

**Senate Amendments**

- 1) Require a hospital, commencing July 1, 2027, to screen a patient to determine if they meet specific criteria, including that the patient is enrolled in CalFresh or CalWORKS, and, if they do, to presumptively determine that a patient is eligible for participation under the hospital's charity care policy and discount payment policy.
- 2) Authorize a hospital, at its discretion or as established in its charity care policy or discount payment policy, to make presumptive determinations of eligibility for patients that do not meet the criteria described in 1) above.
- 3) Require hospitals to provide a written notice to patients who have been determined to be eligible, and prohibit any billing statement from being sent prior to the written notice.
- 4) Make other technical and clarifying changes.

**COMMENTS**

*Fair pricing policies.* AB 774 (Chan), Chapter 755, Statutes of 2006, established Hospital Fair Pricing Policies effective January 1, 2007. AB 774 required each licensed general acute care hospital, psychiatric acute hospital, and special hospital to increase public awareness of the availability of charity care, payment discounts, government-sponsored health insurance, and to standardize its billing and collections procedures. AB 774 also required the Department of Health Care Access and Information (HCAI) to collect and make available to the public a copy of each hospital's charity care and discount payment policies, eligibility procedures for those policies, review processes, and application forms.

*Medical Debt.* According to the California Health Care Foundation 2024 Health Policy Survey (CHCF Survey), Californians, especially Californians with low incomes, continue to be burdened by high health care costs and medical debt. Reducing what people pay for health care is one of Californians' top health care priorities for state government. More than half of Californians overall (53%), and nearly three in four Californians with low incomes (74%), say they skipped or postponed care due to cost in the past year. More than a quarter of Californians (28%), and nearly half of Californians with low incomes (46%), report trouble paying medical bills. Close to four in 10 Californians (38%), and over half of Californians with low incomes (52%), report having medical debt, and 82% of Californians say it's "extremely" or "very" important to reduce what people pay for health care, making it a top health care priority for state government.

The CHCF Survey also notes that medical debt is a significant driver of bankruptcy, poverty, and racial inequities. Over a third (38%) of Californians report having medical debt, which

disproportionately impacts Black, Latino/x, and low-income people. According to a 2023 Urban Institute Issue Brief, "*Most Adults with Past-due Medical Debt Owe Money to Hospitals*," hospital debt makes up over 70% of medical debt, and hospital bills are generally much larger than other types of medical bills.

*Decreasing charity care spending.* Nonprofit hospitals must offer charity care and other community services as a condition of their exemption from income, property, and sales taxes. The facilities provide charity care to eligible uninsured and insured patients, with no expectation of payment. According to a 2020 John Hopkins University study published in the *Journal of the American Medical Association*, the highest-earning nonprofit hospitals in the United States provided less charity care to patients than lower-earning hospitals did, relative to the facilities' respective profits. The study also found that in states where Medicaid was expanded under the Patient Protection and Affordable Care Act (such as California), hospitals gave less charity care than hospitals in other states did: \$12 versus \$37.8 for uninsured patients, and \$8.7 versus \$11 for insured patients, measured against every \$100 of net income.

According to a 2023 Lown Institute report (the report), "Fair Share Spending," non-profit hospitals, in particular, are under-delivering on their community benefit and charity care obligations. The report found that, out of 1,773 nonprofit hospitals evaluated, 77% spent less on charity care and community investment than the estimated value of their tax breaks — what they call a "fair share" deficit. The total "fair share" deficit for these hospitals amounted to \$14.2 billion in 2020, enough to erase the medical debts of 18 million Americans or rescue the finances of more than 600 rural hospitals at risk of closure. According to the report, in California 71 hospitals have a "fair share deficit" of \$1.4 billion, an amount large enough to wipe out 581,510 medical debts (or 18% of medical debt in the state).

### **According to the Author**

Rising health care costs are threatening access to care and patients continue to face barriers to financial assistance. With as little as someone's full name and zip code, a hospital can quickly estimate a patient's eligibility for free or discounted care and immediately apply that financial assistance before a patient ever receives a bill. Under the Hospital Fair Pricing Act, hospitals are already required to provide free or discounted care to patients who are enrolled in Medi-Cal or CalWORKs. This bill will ensure that income-eligible patients actually receive the care they deserve without the heavy burden of medical debt.

### **Arguments in Support**

Consumer, health, legal, and children's advocates, labor organizations, and advocates for LGBTQ health and a number of ethnic communities support this bill, arguing rising health care costs are threatening patients' access to care and that patients' access to care and livelihoods are further threatened by medical debt. According to Health Access California, a cosponsor of this bill, states that hospital bills are driving a medical debt crisis in California. According to Health Access California, some hospitals in California and nationwide have already implemented prescreening, which makes practical and economic sense. Health Access California argues we can quickly and easily provide eligible patients with charity care without extra hassles and red tape.

### **Arguments in Opposition**

None.

**FISCAL COMMENTS**

*According to the Senate Appropriations Committee, HCAI estimates ongoing General Fund costs of approximately \$1.6 million beginning in 2026-27 to collect information necessary to determine compliance and assess penalties for any identified violations.*

**VOTES:****ASM HEALTH: 12-3-1**

**YES:** Bonta, Addis, Aguiar-Curry, Arambula, Carrillo, Mark González, Krell, Patel, Celeste Rodriguez, Schiavo, Sharp-Collins, Stefani

**NO:** Chen, Flora, Sanchez

**ABS, ABST OR NV:** Patterson

**ASM APPROPRIATIONS: 11-3-1**

**YES:** Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache

**NO:** Dixon, Ta, Tangipa

**ABS, ABST OR NV:** Sanchez

**ASSEMBLY FLOOR: 51-16-12**

**YES:** Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Caloza, Connolly, Davies, Elhawary, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Papan, Patel, Pellerin, Quirk-Silva, Ransom, Celeste Rodriguez, Rogers, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Wallis, Ward, Wicks, Zbur, Rivas

**NO:** Ávila Farías, Castillo, Chen, DeMaio, Ellis, Flora, Gallagher, Jeff Gonzalez, Hadwick, Hoover, Lackey, Macedo, Patterson, Sanchez, Ta, Tangipa

**ABS, ABST OR NV:** Bains, Calderon, Carrillo, Dixon, Hart, Pacheco, Petrie-Norris, Ramos, Michelle Rodriguez, Blanca Rubio, Valencia, Wilson

**UPDATED**

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