



Assembly Member Muratsuchi
State Capitol
Sacramento, CA 95814

May 26, 2021

RE: OPPOSED AB 650 (MURATSUCHI)

Dear Assembly Member Muratsuchi,

The Chico Chamber Board of Directors at its May 26, 2021 voted to OPPOSE Assembly Bill AB 650. AB 650 imposes at least an estimated \$6 billion in direct payroll costs on healthcare providers, which have lost billions of dollars during the pandemic, jeopardizing access to affordable healthcare for Californians. It is undeniable that healthcare workers have been essential during the COVID-19 pandemic. Healthcare providers have recognized the value of their workers by providing increased benefits where financially possible and have put the health and safety of their workers above all else. They have spent millions of dollars to improve health and safety protocols, safety equipment, and access to personal protective equipment to protect workers from COVID-19. Like many other industries, healthcare providers also suffered significant decreases in revenue during the pandemic. In March 2020, hospitals and other medical providers stopped elective procedures, which account for a substantial portion of their revenues, and make up for costs associated with other necessary but unprofitable procedures. Without those elective procedures, revenue for hospitals plummeted. Decreased revenue combined with increased costs for health and safety equipment and increased employee benefits and compensation had a significant negative fiscal impact on healthcare providers. It is estimated that hospitals were losing as much as \$1 billion per day during 2020. The \$1,000-\$2,500 quarterly bonuses retroactive to March 1, 2021 as proposed by AB 650 would financially devastate healthcare providers at a time when Californians depend on them most. The California Hospital Association estimates that AB 650 would cost health care providers at least \$6 billion, likely more. With many hospitals and clinics still hemorrhaging revenue from the pandemic surge, this \$6 billion-plus mandate will inevitably be passed onto patients in the form of higher costs and higher insurance premiums. Moreover, the bill explicitly prohibits a healthcare provider from reducing workers' hours to avoid paying the mandated quarterly bonuses. A healthcare provider that cannot afford this mandate is therefore not allowed to reduce its staff to save costs. For these and other reasons, we respectfully OPPOSE AB 650.

Sincerely,

Katy Thoma
President/CEO

180 E. 4th Street, Suite 120
PO Box 3300
Chico, CA 95927
(530)891-5556
www.chicochamber.com