



OFFICE OF THE GOVERNOR

SEP 22 2024

To the Members of the California State Assembly:

I am returning Assembly Bill 2271 without my signature.

This bill would require the Department of Health Care Access and Information (HCAI) to approve the forgiveness of any loans provided to St. Rose Hospital in the City of Hayward from the Distressed Hospital Loan Program (DHLP).

The DHLP was established in 2023 with \$300 million to offer interest-free loans to non-profit and publicly operated hospitals in financial distress. A total of 16 hospitals received loans from the program in August 2023, including \$17.65 million to St. Rose Hospital. As part of the DHLP statute, HCAI is required to develop loan modification and forgiveness guidelines that all hospitals may apply for. These guidelines will be released before the end of the year, and I encourage St. Rose Hospital to pursue loan forgiveness through this path.

While I appreciate the author's effort to support Alameda Health System's potential acquisition of St. Rose Hospital in her community, this bill would circumvent the loan forgiveness application process in existing law to secure full forgiveness for one hospital through statute. This unfairly advantages St. Rose and sets a precedent for the remaining 15 hospitals that received loans.

For these reasons, I cannot sign this bill.

Sincerely,

Gavin Newsom

A handwritten signature in black ink, appearing to be 'Gavin Newsom', written over the printed name. The signature is stylized with a large initial 'G' and a long horizontal stroke at the end.