AB-1312 Hospital pricing. (2025-2026)

Date Published: 10/08/2025 10:00 AM

Assembly Bill No. 1312

CHAPTER 450

An act to add Section 127406 to the Health and Safety Code, relating to health care.

[Approved by Governor October 07, 2025. Filed with Secretary of State October 07, 2025.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1312, Schiavo. Hospital pricing.

Existing law requires a hospital to provide patients with a written notice containing information about the availability of the hospital's discount payment and charity care policies, including information about eligibility and the contact information for a hospital employee or office from which a person may obtain further information about these policies. Existing law defines "charity care" and "discount payment" for these purposes. Existing law requires a hospital to provide to the Department of Health Care Access and Information a copy of its discount payment policy, charity care policy, eligibility procedures for those policies, review process, and the application for charity care or discounted payment programs, among other information. A violation of these provisions results in an administrative penalty, as specified.

This bill would, commencing July 1, 2027, require a hospital 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, presumptively determine that a patient is eligible for participation under the hospital's charity care policy and discount payment policy. The bill would require a hospital to screen a patient for eligibility if the patient meets other specified criteria, including, among others, that the patient is uninsured. The bill would prohibit a hospital from requiring a patient to apply for the federal Medicare program, the Medi-Cal program, or other coverage before the patient is screened for or provided with discounted payment, as specified. The bill would require a hospital to provide patients with the ability to opt out of the screening process through a specified form. The bill would authorize a hospital, at its discretion or as established in its charity care policy or discount payment policy, to make presumptive determinations of eligibility or to conduct screening for patients that do not meet the criteria described above. The bill would authorize certain procedures and tools for screening, including, among others, allowing a hospital to use third-party software tools or services or to contract with a third party under specified conditions. The bill would require a hospital to provide a specified written notice to those patients determined to be eligible, presumptively or otherwise, under these provisions and would prohibit any billing statements from being sent prior to the written notice. The bill would require the billing statements to reflect the adjustments made to the patient's hospital charges under the hospital's charity care policy or discount payment policy.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 127406 is added to the Health and Safety Code, to read:

127406. (a) For purposes of this section, the following terms shall have the following meanings:

(1) “Presumptively determine” means a determination made by a hospital that a patient who did not submit an application or documentation of income, as described in paragraph (1) of subdivision (e) of Section 127405, is eligible to participate in the charity care or discounted payment programs maintained by the hospital pursuant to this article.

(2) “Screen” or “screening” means the process a hospital uses to identify if a patient may be eligible for charity care or discounted payment. This process shall serve as an alternative to requiring an application for eligibility determination.

(b) (1) Commencing July 1, 2027, a hospital shall screen patients to determine if they meet any of the following criteria and, if so, presumptively determine that a patient is eligible for participation under the hospital’s charity care policy or discount payment policy, subject to verification pursuant to paragraph (2):

(A) The patient or any member of the patient’s family, as defined in subdivision (h) of Section 127400, is enrolled in CalFresh, CalWORKs, or Tribal Temporary Assistance for Needy Families (Tribal TANF), Women, Infants, and Children (WIC), California Alternate Rates for Energy (CARE), the Low-Income Home Energy Assistance Program (LIHEAP), Housing Choice Voucher (HCV) program, and any other programs as determined by the department and any additional programs determined by each hospital that would reasonably reflect the approximate patient household income. Enrollment in any program listed in this subparagraph shall be considered sufficient evidence that a patient is financially qualified under Section 127400.

(B) The patient or a member of the patient’s family, as defined in Section 127400, was determined to be eligible for participation under the hospital’s charity care policy or discount payment policy for services billed or provided during the previous six-month period. However, the hospital may ask the patient if their income or insurance has changed during the last six months.

(i) If the patient attests that their income and insurance has not changed since last being approved for charity care or discounted payment, the hospital shall provide the patient charity care or discounted payment based on their previous determination of eligibility.

(ii) If the patient attests that their income and insurance has changed since last being approved for charity care or discounted payment, the hospital may reevaluate their eligibility.

(iii) A patient that is approved for charity care or discounted payment based on a determination of eligibility within the prior six months shall not be considered a new determination of eligibility.

(C) The patient is experiencing homelessness.

(2) If a hospital is unable to automatically or independently verify the circumstances described in subparagraph (A) or (B) of paragraph (1), the hospital may require verification from the patient. The patient shall make every reasonable effort to provide the requested verification and the hospital shall assist the patient in obtaining verification when feasible. A hospital shall accept a self-attestation of eligibility for the circumstances described in subparagraph (C) of paragraph (1).

(3) A hospital shall not require a patient to apply for Medicare, Medi-Cal, or other coverage before the patient is screened for, or provided with, discounted payment. However, a hospital may require the patient to participate in a screening for Medi-Cal eligibility when screening for discounted payment pursuant to this subdivision.

(c) (1) Commencing July 1, 2027, a hospital shall screen a patient for eligibility for participation under the hospital’s charity care policy and discount payment policy if the patient is any of the following:

(A) Uninsured.

(B) Enrolled in Medi-Cal with cost sharing or eligible for Medi-Cal under the Hospital Presumptive Eligibility (HPE) program.

(C) Enrolled in a Covered California health plan.

(2) (A) A hospital shall inform a patient of its intent to screen the patient for eligibility for discounted payment or charity care and that any personal and financial information provided by the patient will be used solely for those purposes.

(B) The hospital shall inform the patient of their right to opt out of screening. The hospital shall provide the patient with a form to sign to opt out of screening. The form shall clearly state that screening was offered, that the patient may revoke their decision to opt out of screening at any time, and that opting out of screening will not affect the patient’s ability to apply for charity care or discounted payment at any time in the future. The signed form shall be placed in the patient’s medical record.

(3) A hospital shall not require a patient to apply for Medicare, Medi-Cal, or other coverage before the patient is screened for, or provided with, discounted payment. However, a hospital may require the patient to participate in a screening for Medi-Cal eligibility when screening for discounted payment pursuant to this subdivision.

(4) If the screening concludes that a patient is financially qualified, as defined in Section 127400, the hospital shall determine if the patient is eligible for participation under the hospital's charity care policy or discount payment policy without requiring the patient to complete a separate application.

(5) A hospital may verify a patient's eligibility as part of or after the screening to determine if a patient is financially qualified.

(A) A hospital that chooses to verify eligibility may attempt to independently verify the patient's information before billing the patient.

(B) If the hospital is unable to independently verify eligibility pursuant to subparagraph (A), the hospital shall request verification from the patient before billing the patient. The verification request shall be in writing and include the documentation necessary to determine eligibility under the hospital's charity care and discount payment policy.

(C) The hospital may collect all of the information required to verify eligibility before discharge.

(d) A hospital may, at its discretion or as established in its charity care policy or discount payment policy, do any of the following:

(1) Presumptively determine that a patient who does not meet the criteria described in subdivision (b) is eligible for charity care or discounted payment.

(2) Screen a patient who does not meet the criteria described in subdivision (c) for eligibility for charity care or discounted payment.

(e) Consistent with paragraph (2) of subdivision (a) of Section 127405, this section shall not preclude a rural hospital's ability to establish eligibility levels for charity care and discounted payment at less than 400 percent of the federal poverty level, as appropriate to maintain their financial and operational integrity.

(f) Effective July 1, 2027, each hospital shall establish a written process for screening patients consistent with this section within its charity care policy and discount payment policy pursuant to Section 127405 that is accessible to the public pursuant to subdivision (c) of Section 127410 and is provided to the department pursuant to Section 127435. The names of any software products and any other third-party services used to presumptively determine, or determine, eligibility for charity care and discounted payment shall be disclosed with the written process.

(g) Screening conducted pursuant to this section shall not be considered a request or application for charity care or a discounted payment and shall not disqualify a patient, or patient's legal representative, from requesting charity care or discounted payment, or submitting an application or documentation of income for the purposes of determining eligibility for charity care or discounted payment.

(h) A hospital may accept voluntary submission of information or documentation that would assist the hospital in the screening process as long as the hospital does not compel the patient to provide the information as a condition of screening.

(i) A hospital may use existing patient information in the screening process for the sole purpose of determining eligibility for charity care or discounted payment. A hospital may incorporate the use of this information into its standard intake, registration, or billing workflows. This information may include, but is not limited to, any of the following:

(1) Existing patient medical or billing records.

(2) Information routinely collected during patient registration or admission.

(3) Information voluntarily supplied by the patient.

(4) Prior eligibility determination for charity care or discounted payment.

(5) Any other information routinely collected or maintained by a hospital that reasonably indicates financial hardship or eligibility for charity care or discount payment under the hospital's charity care policy or discount payment policy.

(j) A hospital may, but is not required to, use third-party software tools or services, or contract with a third party, including a public agency, to conduct screening. However, a hospital that elects to conduct screening using third-party software tools or services, or by contracting with a third party, shall ensure all of the following conditions are met:

(1) The process shall not cause any negative impact on a patient's credit score.

(2) Evaluations are based on eligibility criteria established in the hospital's written charity care policy and discount payment policy pursuant to subdivision (b) of Section 127405. Evaluations shall not consider any assessment, evaluation, or score that predicts the patient's propensity to pay.

(3) The third-party software tool or service is used in a way that is reasonably calculated to lead to an accurate result.

(4) In the event a third-party service or software tool fails to return information about the patient, or specifies the patient's income is unknown, the hospital shall make a good faith effort to evaluate the patient's eligibility status based on information available to the hospital or voluntarily provided by the patient.

(k) A hospital shall document any information or methods it utilized pursuant to subdivisions (i) and (j) to screen a patient.

(l) (1) A hospital shall provide a written notice to patients presumptively determined to be eligible, pursuant to subdivision (b), or determined to be eligible, pursuant to subdivision (c), for charity care or discounted payment. This written notice may be sent prior to, or in conjunction with, a billing notice. In no event shall a billing statement be sent to a patient who is presumptively determined to be eligible, pursuant to subdivision (b), or determined to be eligible, pursuant to subdivision (c), for charity care or discounted payment, prior to the issuance of this notice.

(2) Any billing statement sent to a patient who is presumptively determined to be eligible, pursuant to subdivision (b), or determined to be eligible, pursuant to subdivision (c), for charity care or discounted payment, shall reflect the adjustments made to the patient's hospital charges under the hospital's charity care policy or discount payment policy.

(m) If the screening process described in subdivision (b) or (c) determines that a patient may be eligible for charity care or discounted payment, but is later determined to be ineligible, or if the hospital is unable to verify a patient's eligibility, the hospital shall promptly provide the patient with written notice of the hospital's charity care policy and discount payment policy, as required by Section 127410.

(n) Written notices required by this section shall be provided in English and the language spoken by the patient, consistent with Section 12693.30 of the Insurance Code and applicable state and federal law.