CALIFORNIA DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION (HCAI)

Distressed Hospital Small Grant Program Application

Application Deadline: May 18, 2026, at 5:00 PM PDT

Distressed Hospital Small Grant Application

General Information and Instructions

The HCAI Distressed Hospital Small Grant Program is a new $25 million program offering cashflow grants to not-for-profit and public hospitals in immediate and extreme financial distress that meet certain criteria pursuant to AB 108 (Chapter 8, Statutes of 2026). These grants are intended to help avoid hospital closures.

To be considered for a grant under the program, a **complete** application must be submitted to HCAI no later than 5:00 PM Pacific Daylight Time on May 18, 2026.

Submit a complete application, along with the most recent Audited Financial Statements, most recent Year to Date Internal Financial Statements, including required ratios, by email with a Portable Document Format (PDF) attachment to HCAI at dhsgp@HCAI.ca.gov. Attach additional pages to the application if necessary to respond to any of the requirements.

HCAI reserves the right to request additional information in review of the application and determination of grant awards. Grant award determinations are anticipated by close of business Tuesday, May 26, 2026, following the evaluation of all grant applications received by the due date. Hospitals may contact HCAI at dhsgp@HCAI.ca.gov for assistance with the application process.

Grant Eligibility Criteria

- Hospital must have less than 10 days' cash on hand, inclusive of all investments and liquid assets that can be used for operations, based on the Year to Date internally prepared financial statements for the most recently closed month as of April 15, 2026, and substantiated by most recent available audited financial statements.

- Hospital must demonstrate best efforts to exhaust other financial options, including, but not limited to, resolving outstanding revenue timing issues or requesting forgiveness or deferral of other short and long-term debt.

- More than 50 percent of the hospital's payer mix is composed of government payors and uninsured patients.

- Must be a not-for-profit hospital or public hospital. "Not-for-profit hospital" means the same as a general acute care hospital described in paragraph (1) of subdivision (d) of Section 15432 of the Government Code that is organized as a not-for-profit entity. "Public hospital" means a hospital that is licensed to a county, a city, a city and county, the University of California, a local health care district, a local health authority, or a municipal hospital established pursuant to Article 7 (commencing with Section 37600) of Chapter 5 of Part 2 of Division 3 of Title 4 of the Government Code.

Distressed Hospital Small Grant Application

SECTION ONE: SUMMARY INFORMATION

<table>
<tr><th colspan="3">APPLICANT INFORMATION:</th></tr>
<tr><td colspan="3">Legal Name (Include DBA Name)</td></tr>
<tr><td>Street Address</td><td colspan="2">Federal Tax I.D. Number</td></tr>
<tr><td>City, State and ZIP Code</td><td colspan="2">Contact Person / Title</td></tr>
<tr><td>County</td><td>Telephone Number</td><td>Email Address</td></tr>
<tr><td colspan="3">Type of Entity (as defined in Health and Safety Code section 129381):
☐ Not-for-profit Hospital ☐ Public Hospital</td></tr>
<tr><th colspan="3">GRANT INFORMATION:</th></tr>
<tr><td colspan="3">Amount Requested:
$</td></tr>
<tr><td colspan="3">Provide a high-level explanation of how grant proceeds will be used for the purposes of maintaining operational continuity of the hospital, including service lines. Include information summarizing any strategies for regaining financial viability that supports current projected 12-week Operating Budget:</td></tr>
</table>

SECTION TWO: FINANCIAL STANDING

1. **Financial Ratios:** Calculate the following hospital financial ratios, please note numbers in the calculation must match the financial statement provided in the application:

   a) Days Cash on Hand:

   Days Cash on Hand = unrestricted cash and cash equivalents ÷ [(operating expenses – non-cash charges) ÷ Number of days for the YTD statement

   b) Current Ratio:

   Current Ratio = (Current Assets ÷ Current Liabilities)

   c) Operating Margin:

   Operating Margin = (Net Income ÷ Total Revenue)

   d) Net Cash Runway:

   Net Cash Runway = Cash Balance ÷ Monthly Average Operating Loss (including interest expenses but excluding depreciation and non-cash expenses)

   e) Debt Service Coverage (Net):

   Debt Service Coverage Ratio = Net Income Available for Debt Service* ÷ Actual Annual Debt Service in the next twelve months

   * Net Income Available for Debt Service = Excess of Revenue Over Expenses + Depreciation Expense +Amortization Expense + Interest Expense + Non-Cash Charges – Restricted Donations – Extraordinary/Non-Recurring Charge – Non-Cash Revenues – Unrealized Gain (Loss) on Investments

2. Describe any/all strategic partnerships, operating agreements, or lines of credit or working capital (list approved and drawn amounts). This program is intended for use only when no other viable options remain.

3. Describe any material changes in revenue, expenses, assets, and liabilities over the last full audited fiscal year and fiscal year-to-date.

4. For the two most recently completed fiscal years, provide the percentage of each revenue source (Medi-Cal, Medicare, private insurance, etc.).

Revenue Source For Fiscal Year	Percent (%) of Total Revenue	
	2025	2026
Medi-Cal (including Managed Medi-Cal)		
Medicare (including Managed Medicare)		
Commercial (private insurance)		
Self-pay		
Charity and Unreimbursed Care		
Total:		

5. Provide a high level 12-week operating budget that includes the proposed grant funds in addition to projected revenue and expenses.

SECTION THREE: COMMUNITY NEED/BENEFIT STATEMENT

1. Describe the distance (in miles) to the nearest hospital and outpatient services, as well as the name of the nearest hospital and outpatient provider and the types of services offered.

2. Describe how the closure of the hospital would impact or has impacted the healthcare needs of the community or of underserved populations.

APPLICATION CERTIFICATION

An individual with the authority to bind the applicant to an agreement with the State of California, if a grant under the Emergency Grant Funding for Hospitals is approved for the applicant, must complete the following certification:

> I certify that, to the best of my knowledge, the information contained in this application and the accompanying supplemental materials submitted by the applicant for a grant addressing immediate and significant hospital financial distress are true and accurate. I understand that if the applicant is approved for a grant, the applicant will provide any additional information or documentation that may be required for grant disbursement. I further understand that misrepresentation or inaccurate information or documentation provided by the applicant may result in the cancellation of the grant, if approved, and that the State of California is authorized to take any additional actions as may be provided under the laws of the State of California.

______________________________	______________________________
By (Print Name)	Signature
______________________________	______________________________
Title	Date