

Date of Hearing: May 14, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1386 (Bains) – As Introduced February 21, 2025

Policy Committee: Health

Vote: 13 - 1

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

SUMMARY:

This bill, beginning on an unspecified date, adds perinatal services to the set of basic services every general acute care hospital (“hospital”) must provide.

The bill requires, by an unspecified date, a hospital that does not provide perinatal services to submit a “perinatal service compliance plan” to the California Department of Public Health (CDPH), with specified information. The bill also requires CDPH establish a process to approve or deny a hospital’s perinatal service compliance plan to meet the requirement to provide perinatal services. This bill requires a hospital’s perinatal service compliance plan to include the following:

- 1) Maintenance of written transfer agreements with one or more hospitals that provide perinatal services.
- 2) A financial report demonstrating the hospital’s lack of financial capacity to establish perinatal services.
- 3) A description of measures taken to establish perinatal services at the hospital.
- 4) Other requirements determined by CDPH.

FISCAL EFFECT:

Costs of an unknown amount, potentially \$1 million for each of the first two years to promulgate regulations establishing a process to review perinatal service compliance plans. After CDPH has established the process, the annual cost for CDPH to review the compliance plans during licensure and re-licensure surveys and take necessary enforcement actions could cost several hundred thousand dollars per year (Licensing and Certification Fund).

Cost pressures of an unknown, but potentially significant amount, as hospitals would face costs to add perinatal services or potentially close, which would require state intervention (General Fund).

COMMENTS:

- 1) **Purpose.** The California Nurses Association/National Nurses United (CNA) is the sponsor of this bill and states that hospitals are the backbone of comprehensive perinatal services in our communities, yet there are no guardrails to ensure all communities have access to basic and

essential maternity services. Despite nearly 98% of all births in California occurring in a hospital, perinatal services are considered only a supplemental service and consequently not protected under state law. CNA contends that the lack of statutory protections for perinatal services has allowed hospitals to selectively close these vital services based on profit maximization and that the result has been a systemic erosion of hospital-based maternity care in California, disproportionately affecting vulnerable populations and exacerbating health disparities.

CNA argues that the burden of hospital maternity service closures has fallen most heavily on low-income families, rural communities, and communities of color, with closures primarily at for-profit hospitals that predominantly service low-income Black and Latino communities. CNA points to research that shows a direct correlation between obstetric unit closures and increased rates of severe maternal morbidity, particularly for Black and Latino mothers. CNA argues the pattern of closures has effectively created a two-tiered system of maternity care, where wealthier communities retain access to hospital-based perinatal services while low-income and rural communities – predominantly communities of color – are left to navigate a landscape of diminished and fragmented care, a form of medical redlining that endangers the lives of mothers and infants.

CNA states this bill seeks to correct the crisis in access to comprehensive maternity care by reclassifying perinatal services as a mandatory component of hospital care. For hospitals that provide perinatal services, this bill requires the hospital maintain these services as a basic service. A hospital that has closed its labor and delivery unit, or does not provide these services, must submit a compliance plan to CDPH detailing solutions to ensure continued access to maternity care. CNA concludes this bill will hold hospitals accountable to their communities and prevent financially-motivated decisions to close maternity services that come at the expense of maternal and infant health.

- 2) **Opposition.** The California Hospital Association (CHA) opposes this bill unless amended and states that three primary factors are behind California's reduced capacity for hospital deliveries: lower birth volume, workforce shortages, and hospitals' financial instability. CHA argues this bill fails to acknowledge any of these factors. CHA proposes amendments to: (a) establish a statewide obstetrical coverage program and a statewide obstetrical nurse staffing pool to ensure equitable access to specialized care in communities unable to support an obstetrics and gynecology practice or hospital-based maternity unit; and (b) require health plans, including Medi-Cal managed care plans, reimburse hospitals for perinatal services at rates sufficient to cover direct and indirect costs of providing perinatal services.

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